

Border treaty signed with Timor-Leste to boost gas project

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Timorese workers could be brought into Australia to work at a gas plant as part of efforts to get the Greater Sunrise project up and running. **Glenn Campbell**



by **Andrew Tillett**

Timorese workers could be imported into Darwin to process gas from the Greater Sunrise field as a cheaper alternative to developing a new plant in Timor-Leste to ensure the project goes ahead while still delivering benefits to Australia's tiny neighbour.

With [Australia and Timor-Leste to sign a treaty at the United Nations on Wednesday morning](#) (5pm New York time) to

establish the permanent maritime boundary between the two countries and carve up revenue from the field, ending a bitter diplomatic dispute, attention is now turning to bringing the project to fruition.

Under the treaty, Timor-Leste will get 70 per cent of the revenue from the field if liquefied national gas is brought onshore and processed at a proposed plant on its south coast. But if it is processed at existing facilities at Darwin, Dili's share of the revenue rises to 80 per cent, in light of the additional downstream benefits, such as jobs it brings to the Northern Territory.

Timor-Leste and its former president Xanana Gusmao have insisted the gas should be processed there because of the economic opportunities it offers its people, but the costs of doing so are many billions more than tapping into existing infrastructure.

With questions over the commercial viability of processing gas in Timor-Leste, both

governments and joint-venture gas companies, led by Woodside, remain locked in talks over how the project can maximise the benefits for Timor-Leste.

Discussions are centred on developing a significant local content package for Timor-Leste, including having teams for the offshore platforms fly out from Timor-Leste rather than Australia, a procurement policy that gives preference to Timorese businesses and a skills and training program for Timorese workers, including university qualifications.

The Australian Financial Review also understands officials are looking at having labour mobility scheme similar to the Pacific Islander seasonal workers program, paving the way for Timorese workers to be brought in to work in Darwin.

The conciliation commission that oversaw the boundary talks will hand down a report in April that will look at the factors behind the two options of processing in Darwin versus Timor-Leste but expected to stop short of a formal recommendation.

The Greater Sunrise project is worth about \$40 billion, with the life of the field estimated at 35 to 40 years and is seen as an economic game changer for Timor-Leste. Australian officials saw an imperative for the project to be developed because Timor-Leste risks going over a financial cliff when the money runs out from the Bayu-Undan field in 2022 and its petroleum fund five years after that.

The signing of the treaty has also been seized upon by Australia as affirmation the international rules-based order can deliver outcomes at a time when there is growing concern that the actions of China and other countries is threatening the established system.

Ms Bishop said it was the first time [the non-binding conciliation process under the UN Convention Law of the Sea](#) had been used to produce a fair and equitable treaty that took into consideration the interests of both countries, neighbouring nations and commercial partners.

"The signing of the treaty is an historic event will allow Australia and Timor-Leste to build on our already strong relationship and close ties," she said.

"Concluded under the auspices of the Conciliation Commission, which is supported by the Permanent Court of Arbitration, the agreement emphasises the value of good will, mutual respect and the importance of peacefully resolving disputes in a way that is consistent with international law."

The dispute over the boundary has been a long-running sore point between Australia and Timor-Leste. Australia had argued 80 per cent of the Greater Sunrise field was in its territory but in 2006 agreed to a 50-50 split in an earlier treaty.

However, in early 2017 Timor-Leste terminated that arrangement, accusing Australia of failing to act in good faith because it spied on ministers during negotiations. The matter eventually wound up before a five-person international conciliation panel.