



Submission No 28

Inquiry into Australia's Relationship with Timor-Leste

Organisation: Shell Development (Australia) Pty Ltd

Joint Standing Committee on Foreign Affairs, Defence and Trade
Foreign Affairs Sub-Committee



Shell Development (Australia) Pty Ltd

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Mr John Carter
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Dear Mr Carter,

Thank you for your recent letter regarding the Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry into Australia's relationship with Timor-Leste, and the invitation to make a submission.

As a participant in the Sunrise Joint Venture, Shell recognises the importance of the long-term relationship between Australian and Timor-Leste, particularly as it relates to the development of the Greater Sunrise fields.

We have enclosed a summary of our current activities with regards to the Greater Sunrise development, in terms of our corporate activities, as well as through our participation in the Sunrise Joint Venture (comprising ConocoPhillips STL Pty Ltd, Osaka Gas Australia Pty Ltd and Woodside Energy Ltd).

Yours sincerely,
Shell Development (Australia) Pty Ltd

Jenni Clark
General Manager, Sunrise

Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry into Australia's relationship with Timor-Leste

Shell Development (Australia) Pty Ltd Submission

Background

Shell Development (Australia) Pty Ltd and its affiliates (referred to collectively in this submission as Shell) hold a 26.56% interest in the Greater Sunrise development, along with partners Conoco Phillips STL Pty Ltd, Osaka Gas Australia Pty Ltd and operator Woodside Energy Ltd.

The Greater Sunrise fields are located approximately 450km north of Australia and approximately 150 kilometres southeast of Timor-Leste, and comprise four petroleum titles:

- Retention Leases NT/RL2 and NT/RL4, issued under the Offshore Petroleum and Greenhouse Gas Storage Act (Cth) (OPGGSA); and
- PSC 03-19 and PSC 03-20, issued under the Timor Sea Treaty (TST).

Current Status

During 2012, the Sunrise Joint Venture held a number of discussions with the Timor Leste and Australian governments, including a number of technical workshops and a workshop with the Sunrise Commissioners covering a range of commercial, technical, political and legal matters related to the Greater Sunrise development.

Shell, through its participation in the Sunrise Joint Venture, supports continued dialogue with both the Australian and Timor-Leste governments, in order to reach agreement on an acceptable development outcome for all parties, given the current window of opportunity for Greater Sunrise.

Opportunity to maximize the development of Sunrise for the Australian and Timor-Leste communities

Shell recognizes that the development of Greater Sunrise is important to both the Australian and Timor-Leste communities. In addition to fiscal returns provided to both governments through the development of Greater Sunrise, we are mindful of the opportunity it presents to build capability through potential local content opportunities, employment and training and development of national infrastructure. We encourage dialogue that promotes sustainable opportunities through development of the project.

From our perspective as a potential investor in future capital projects, regulatory and fiscal certainty and stability (including tax) are key success factors in reaching positive final investment decisions. Whilst existing treaties, titles and project agreements provide a framework for development, support from Australia and Timor-Leste to create common interpretation and application of these agreements is seen as a key enabler to support the necessary fiscal and regulatory conditions for future investment in Greater Sunrise, including any future final investment decision.

In order to progress the development of Greater Sunrise in the near term, it is necessary for both governments and the Sunrise Joint Venture to work together to build a strong understanding of all parties' requirements, including development concept, associated support infrastructure and an agreed interpretation of existing agreements. Alignment between Australia, Timor Leste and the Sunrise Joint Venture on the structure and administration of the fiscal and regulatory framework and a well defined governance regime will provide confidence for investment both now and in the future.

Contribution to community development in Timor-Leste

Shell

Shell has committed initial funding to MercyCorps to establish a pilot Timor-Leste Cookstove Development Centre (CDC) program. MercyCorps has since partnered with the Dili Institute of Technology to host the CDC. Members from the Dili Institute of Technology have travelled to the United States to undertake training in effective design and use of cookstoves.

The CDC program was developed following a national feasibility study on behalf of the Global Alliance for Clean Cookstoves (GACC) and Shell. The GACC is a public and private partnership that seeks to save lives, improve livelihoods, empower women and protect the environment by creating a thriving global market for clean and efficient household cooking solutions.

Sunrise Joint Venture Social Investment Program

In addition to Shell's investment with MercyCorps, as part of the Sunrise Joint Venture we support the social investment activities undertaken by the Joint Venture. The Sunrise Joint Venture is committed to undertaking meaningful social investment that enables capability building for the Timor-Leste community.

The Joint Venture considers social investment programs that contribute to:

- Delivery of education, training and health programs.
- Building positive relationships with key stakeholders.
- The social development of Timor-Leste, complementary to their Strategic Development Plan.

Through our continued investment in community development, the Joint Venture continues to engage with key stakeholders and the broader community. Further details of the Sunrise Joint Venture Social Investment Program are included in the separate submission made by Woodside Energy Limited, as operator, on behalf of the Joint Venture.