



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

**PETROLEUM (TIMOR
SEA TREATY) BILL 2003**

**PETROLEUM (TIMOR SEA
TREATY) (CONSEQUENTIAL
AMENDMENTS) BILL 2003**

**PASSENGER MOVEMENT CHARGE (TIMOR
SEA TREATY) AMENDMENT BILL 2003**

Second Reading

SPEECH

Wednesday, 5 March 2003

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Wednesday, 5 March 2003
Page 12297
Questioner
Speaker Snowdon, Warren, MP

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Mr SNOWDON (Lingiari) (7.18 pm)—It gives me great pleasure to be able to speak in this debate on the Petroleum (Timor Sea Treaty) Bill 2003, the Petroleum (Timor Sea Treaty) (Consequential Amendments) Bill 2003 and the Passenger Movement Charge (Timor Sea Treaty) Amendment Bill 2003. I commend the member for Hunter and the member for Griffith for their remarks and voice my support for them. I do not intend to traverse in any great detail the ground that they have covered. I will, however, come to the issue of the foreign minister at some later point.

This is a very important day, and I think we need to understand its historical importance. The passage of this legislation through both houses of this parliament and its signing off by the Executive Council will mean that this treaty will be ratified. Remember that the East Timorese government, for their purposes, ratified the treaty in December last year. They were most keen for the Australian government to reach its own deadline of December last year, which it did not do. We are at the eleventh hour, because, as others have said, on 11 March contractual obligations for the Bayu-Undan project of ConnocoPhillips might have required them to renegotiate contracts with their Japanese clients, and that may have proved a difficult task. So what we have is a process by which we are able to ratify the treaty, ensure that Bayu-Undan can proceed under the arrangements originally agreed to by ConnocoPhillips and almost at the same time see the sign-off of the unitisation agreement which has been so contentious for the Australian government.

It is worth pointing out that, in the context of this very important treaty, there are great benefits for both the East Timorese community—and that is most important—and Australia's national interest, particularly for Northern Australia and my own home of the Northern Territory. It is important that we understand the value of these resources. The Bayu-Undan reserves are of critical importance to the very future of East Timor, and that has been made clear time and time again by others. They contain reserves of around \$15 billion in gross value. It is estimated that East Timor can expect to receive up to \$6 billion over the 20-year life of the project. It is difficult to overstate the importance of this revenue to the newest nation in the world and our poorest neighbour. I have been a regular visitor to East Timor since 1999, having made eight or nine visits. I met Mari Alkatiri both prior to the return of people after the awful events of August 1999 and since, and I can say that he is a most impressive person. I commend him for his role in negotiating this agreement with the Commonwealth, which was very difficult.

For the Northern Territory in particular, the economic benefits from this treaty and the development of Bayu-Undan are important. Gas will be the catalyst for massive change in the Northern Territory economy, and that is agreed by all and sundry. The gas deposits in the Timor Sea are almost three times as large as those that were in the North West Shelf and are conservatively estimated to be worth at least \$100 billion. Bringing gas onshore will broaden the base of the Northern Territory economy dramatically and, most importantly, will generate jobs for Territorians. The construction of the planned Wickham Point liquefied natural gas plant, which this process of ratification has been delaying, is a \$1.6 billion project. It will provide more than 1,200 construction jobs, more than 500 jobs indirectly and a further 100 jobs during the operational phase. When finished, the plant will cement the position of Darwin and Australia in the world energy market—and I note the comments by the member for Hunter about the failure of the government to have a national energy policy. It will also make feasible the proposed 500-kilometre Bayu-Undan pipeline to connect the field to this project. In total, we are talking about \$2 billion for the pipeline from Bayu-Undan to Darwin and \$1.5 billion for investments in Darwin alone. In addition, the bringing of gas onshore will allow for a multimillion dollar development at McArthur River and a multimillion dollar development by Alcan at Nhulunbuy.

It is very important we understand that agreement with this treaty is of great significance to us and to East Timor—just as the unitisation agreement is. What is also important to understand is the way this matter was negotiated and the very poor role that was played by our foreign minister. We know that at a meeting in Dili on 27 November last year Mr Downer was strongly critical of Dr Alkatiri and his officials. A report in the *Australian* of 13 December last year said:

Highly placed East Timorese sources said last night that at the meeting, called to discuss the so-called international unitisation agreement on the Sunrise gas reservoirs, Mr Downer was “belligerent and aggressive”.

He is reported to have banged the table as he criticised advice Dr Alkatiri was receiving from UN officials.

After the meeting, the Australian Government reneged on an understanding with East Timor that it would ratify the Timor Sea Treaty by the end of the year.

This is no way for the Australian foreign minister to deal with the Prime Minister of another nation. It is about time that the foreign minister learnt that first and foremost he ought to be able to trust the East Timorese. If there is one message to give to the Australian government, it is that it should take people such as the Prime Minister of East Timor on trust. I know that, should they do that, a very close and cordial relationship between the government of Australia and the government of East Timor would develop.

But I have to say that there is not a great deal of respect for the Australian government, at least for the foreign minister. There is not a great deal of respect at all. What we also need to understand is that we may be the great patron of this nation. They may be dependent upon us but they have the right to independence; they have the right to make their own decisions; they have the right to elect their own leaders; and they have the right to form their own negotiating teams—and negotiate they have. We need to accept that they, like us, will negotiate in good faith and we need to deal with them appropriately.

Finally, I also want to comment on the role of the Northern Territory government. There is absolutely no doubt of the very important role that the Northern Territory Chief Minister has played in developing close and cordial relations with the government of East Timor. There have been a number of ministerial visits between the Northern Territory and East Timor, most recently by the minister for resources—the correct title of the portfolio escapes me.

Mr Ian Macfarlane—The Minister for Industry, Tourism and Resources.

Mr SNOWDON—No, not you—a comrade. As much as I like you, it was not you. It was Northern Territory Minister Paul Henderson, who visited East Timor quite recently to talk about these sorts of issues and how we might work together with the East Timorese in developing their economy and ours in Northern Australia. I note that the member for Solomon will be speaking shortly. I commend to him the work that has been done on these negotiations, ultimately to come to fruition. I know that he, like me, will say to the minor parties in the Senate that they should not use their position to frustrate the progress of this legislation. Despite what you and I may think of any outcome, the fact is that the East Timorese government has reached agreement with the Australian government—on both the treaty and the unitisation agreement—and that is what is important. We do not need to frustrate this process any further but rather to expedite the legislation through both this House and the Senate. I hope that is done tomorrow afternoon so that we can get this treaty ratified through EXCO and see the unitisation agreement signed on Friday.