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Austal to build boats for Timor as Woodside gas deal takes shape

Australia has asked its biggest defence exporter to build two Pacific patrol boats for Timor-Leste as the two countries prepare to formalise a deal clearing the way for development of the Greater Sunrise oil and gas field.

[Austal](#) will build the \$30 million gift to Timor-Leste, which recently struck an in-principle agreement with Australia on its maritime boundaries to breathe life into Woodside's \$US13 billion (\$17 billion) Sunrise LNG project with partners ConocoPhillips, Shell and Osaka Gas.



Austal's patrol boats for the Yemeni government are loaded onto a mother ship for transport to the Middle East. Austal will make two boats for Timor-Leste.

Timor-Leste Prime Minister Mari Alkatiri told a conference in Perth at the weekend that he was keen to step up engagement with Woodside and its joint venture partners on development of the field's lucrative gas resources. "The Greater Sunrise field can soon be developed now that Timor-Leste and Australia have agreed to a special regime for the joint development and management of the field," he said.

Prime Minister Malcolm Turnbull and Dr Alkatiri announced the patrol boat deal midway through dinner festivities as part of the [Asia Pacific Regional Conference](#).



Timor-Leste Prime Minister Mari Alkatiri. Photo: TimorPhotography

Austal chief executive David Singleton said he was in the crowd enjoying a glass of Vasse Felix cabernet when the \$30 million contract fell into his lap. "Normally, I sit at these dinners and I shell out \$25 to \$50 on raffle tickets and never win anything. This night I didn't but a raffle ticket, and we got a \$30 million order," he said.

Shared resource

Dr Alkatiri said that as the existing operations in the Timor Sea, including the Conoco operated Bayu-Undan gas venture, wound down, his country was prepared to "take on the even bigger oil field to the east".

[Australia and Timor-Leste reached a historic agreement on a permanent maritime boundary](#) in Copenhagen on August 30, which also recognised Greater Sunrise as a shared resource.

The agreement came after Conciliation Commission proceedings brought by Timor-Leste under the UN Convention on the Law of the Sea in The Hague.

Dr Alkatiri said the treaty was agreed in principle at The Hague and he expected it to be signed within months.

"The Conciliation Commission will have an ongoing role as the two states continue to engage with the Greater Sunrise joint venture in regard to the pathway for the development of the field," he said.

Woodside and Conoco have welcomed the end to the stalemate over the Greater Sunrise field, which is expected to bring forward development of its 5.13 trillion cubic feet of gas enhanced by a rich, 226 million barrels of condensates.

Dr Alkatiri met Woodside chief executive Peter Coleman and other stakeholders on the sidelines of the conference.

Mr Coleman congratulated Timor-Leste on finalising its maritime boundaries and discussed next steps with the Prime Minister. Three-way talks between Australia, Timor-Leste and the joint venture partners are expected over the next few weeks.

Shipyard visit

The patrol boats are icing on the cake for Timor-Leste, which has accumulated a Petroleum Fund worth more than \$16 billion under existing treaties with Australia covering oil and gas resources in the Timor Sea.

Mr Singleton attended a lunch with Mr Turnbull on Friday and that afternoon Dr Alkatiri visited the Austal shipyards south of Perth where it is building 19 other patrol boats Australia will provide to Pacific nations at a cost of more than \$300 million.

"We said to him [Dr Alkatiri] almost jokingly that we hoped he'd buy one of the vessels and he laughed," Mr Singleton said.

"I'm claiming it as the fastest sale we have ever made. At 3.15 in the afternoon we discussed two boats with the Prime Minister of Timor-Leste and at nine that evening the contract was announced."

[Austal is sweating on its bid in partnership with German ship designer and builder Fassmer](#) to build 12 Offshore Patrol Vessels for the Royal Australian Navy under the federal government's \$89 billion naval shipbuilding plan.

Another German company in Luerksen and a design from Dutch company Damen are also in the running for a ship build expected to cost about \$1.5 billion plus \$2 billion in support over 20 years.

Both Luerksen and Damen are supported by ASC and Cimtec with the first two vessels to be built in South Australia and the remainder in Western Australia. A decision is expected this month.