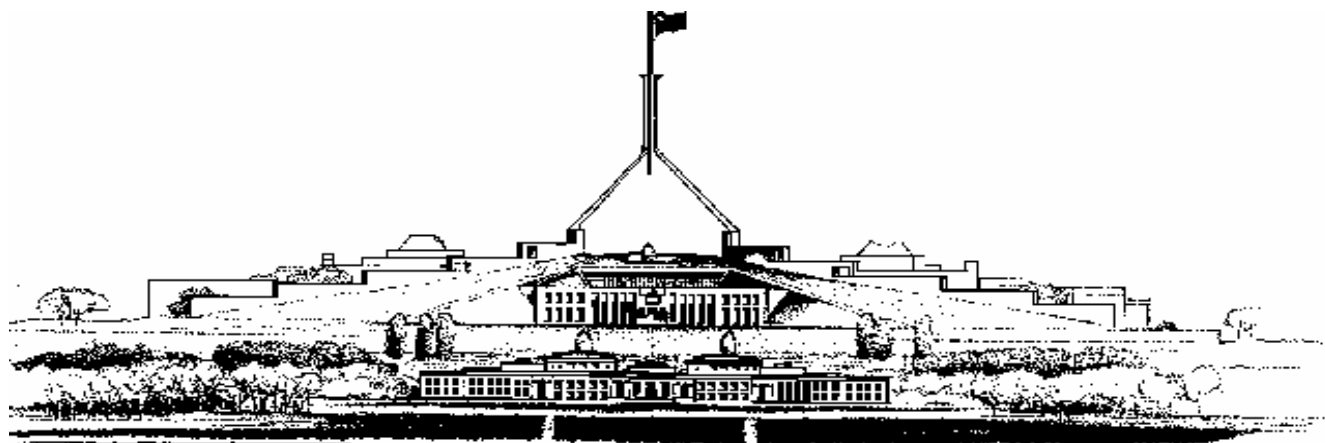




COMMONWEALTH OF AUSTRALIA

**PARLIAMENTARY DEBATES**



**SENATE**

**Official Hansard**

**No. 3, 2004**

**WEDNESDAY, 10 MARCH 2004**

FORTIETH PARLIAMENT  
FIRST SESSION—SEVENTH PERIOD

BY AUTHORITY OF THE SENATE

Including only Excerpts relating to Sunrise Unitisation Agreement

**Senator ABETZ** (Tasmania—Special Minister of State) (12.26 p.m.)—I move:

That the debate be now adjourned.

**Senator BROWN** (Tasmania) (12.26 p.m.)—by leave—In the interests of this house I ask the Special Minister of State if he would inform the Senate as to why we are adjourning.

**Senator ABETZ** (Tasmania—Special Minister of State) (12.27 p.m.)—by leave—The reason that we are moving to adjourn the debate at the moment is that there is a bill that I am seeking to introduce, which will deal with the international unitisation agreement between our nation and Timor Leste, or East Timor, which is very urgent and for the benefit of both our nations and the people of both our nations. That is the reason that the debate on the bill that we have just been debating has been sought to be adjourned.

**Senator MACKAY** (Tasmania) (12.28 p.m.)—by leave—I would like to advise the government that we are currently in discussions with our colleagues in the House of Representatives with respect to this. There may be some hold-up. I suggest that the government rethink adjourning the debate on the previous bill until we can get clearer instructions—unless the instructions are here now.

**Senator ABETZ** (Tasmania—Special Minister of State) (12.28 p.m.)—by leave—I understand things are okay.

**Senator BROWN** (Tasmania) (12.28 p.m.)—by leave—I do not know what is being negotiated between the opposition and the government, but I hope that the same

information is being made available to the crossbench.

**Senator Abetz**—It is internal.

**Senator BROWN**—It is internal. I have to state in the very strongest terms that the bill the minister referred to is not urgent. There is no way it can be described as urgent. To interrupt another bill in this place which, of itself, you can argue has far greater urgency is not to be accepted. The Greens will not accept this interruption to the Senate's business for a political purpose of the government, which is what we are dealing with here. We are not dealing with urgency; we are dealing with a political purpose of the government.

Question put:

That the motion (**Senator Abetz's**) be agreed to.

The Senate divided. [12.34 p.m.]

(The President—Senator the Hon. Paul Calvert)

Ayes.....	44
Noes.....	<u>10</u>
Majority.....	34

#### AYES

Abetz, E.	Barnett, G.
Boswell, R.L.D.	Brandis, G.H.
Calvert, P.H.	Campbell, G.
Campbell, I.G.	Chapman, H.G.P.
Colbeck, R.	Collins, J.M.A.
Cook, P.F.S.	Crossin, P.M.
Denman, K.J.	Eggleston, A. *
Ellison, C.M.	Evans, C.V.
Faulkner, J.P.	Ferguson, A.B.
Ferris, J.M.	Forshaw, M.G.
Harradine, B.	Hill, R.M.
Hogg, J.J.	Humphries, G.
Johnston, D.	Kirk, L.
Knowles, S.C.	Ludwig, J.W.
Macdonald, J.A.L.	Mackay, S.M.
Marshall, G.	Mason, B.J.
McGauran, J.J.J.	McLucas, J.E.
Patterson, K.C.	Payne, M.A.
Ray, R.F.	Santoro, S.

Scullion, N.G.  
Tchen, T.  
Webber, R.

Sherry, N.J.  
Watson, J.O.W.  
Wong, P.

## NOES

Allison, L.F. \*  
Brown, B.J.  
Greig, B.  
Murray, A.J.M.  
Ridgeway, A.D.

Bartlett, A.J.J.  
Cherry, J.C.  
Murphy, S.M.  
Nettle, K.  
Stott Despoja, N.

\* denotes teller

Question agreed to.

**Senator ABETZ** (Tasmania—Special Minister of State) (12.37 p.m.)—I move:

That the resumption of the debate be made an order of the day for a later hour.

**Senator BROWN** (Tasmania) (12.37 p.m.)—I do not agree to the resumption of the debate being made an order of the day for a later hour. The resumption should be right now; it should be forthwith. We were dealing with a fuel tax bill, the **Energy Grants (Cleaner Fuels) Scheme Bill 2003**, which is more urgent than the bill that is now to be given precedence. The Greens want justification from the government for interrupting the Senate to ram a bill through parliament in one day to rob East Timor of its oil and gas resources. What is occurring here is unethical, wrong and involves an act of piracy on behalf of the oil companies by the Howard government. We are not going to allow that to happen as easily as the government or even the opposition might want. How dare the government suddenly, out of the blue, decide it is going to ram a bill through this parliament in one day to rob the East Timorese people of their Greater Sunrise oil and gas fields and remove all the normal forms of debate, remove the ability to go out and talk with the—

**Senator Abetz**—Mr Acting Deputy President, I raise a point of order. I understand that the honourable senator needs to be relevant to the motion, which is that resumption of the debate be made an order of the day for

a later hour of the day. He is now trying to talk about multinational oil companies and other matters. Mr Acting Deputy President, I draw your attention to the fact that the senator is sailing very close to the wind, reflecting on an overwhelming vote of the Senate, which was to have the matter adjourned. The question now is that the debate be an order of the day for a later hour of the day. Senator Brown seems to want the debate to be resumed immediately, which would be to negate the motion that we have just carried—that is, to adjourn.

**The ACTING DEPUTY PRESIDENT (Senator Sandy Macdonald)**—Senator Brown, you do have to be relevant to the motion. I am listening carefully. Also bear in mind that you have four minutes before the debate is terminated.

**Senator BROWN**—The relevance to the motion is that we must take into account the motivation, as stated by the government, for the motion. The motivation of the government is to bring on the Greater Sunrise bill to get it through this place today. We are not having this change in the order of business of the Senate simply because this is a minor matter. It is a major matter—and the whole of the Senate knows that. All of us who have been watching the debate in the House of Representatives this morning—where the four members outside the major parties ended up forcing a division to try to bring some order to the way this Greater Sunrise bill was being foisted on the parliament—will be ashamed of the process that occurred there. It is wrong. Why should we move away from the fuel bill to make way for the government's new priority? Where is the explanation from the government? The Senate deserves a clear explanation from the government, but we have had none. The government simply comes in and says that it has an urgent bill it wants to bring on later in the day. It should explain the urgency. It is

not up to me to give that explanation to the Senate; it is up to the government.

A very unusual process is occurring here today—I do not remember when it last occurred. The Senate is suddenly ambushed by the government with a bill that was not available to any senator this time yesterday or last night. The government says, ‘Everything in the Senate is going to be skittled today in order for us to get this bill through.’ The government has to explain to the Senate why we should vote for that. The Greens, for a start, are not going to agree to it unless the government gives that explanation.

**Senator FAULKNER** (New South Wales—Leader of the Opposition in the Senate) (12.43 p.m.)—There is some concern about the process. It is unusual. In my view, it would have been preferable for the government, after question time and in the ordinary routine of business of the Senate, to have come forward with a proposal about the priority government business for the remainder of today’s sitting. That would have been a sensible way of doing it. Why we would have such a motion at this time, given that there is now only about one minute and seven seconds for us to debate this bill before matters of public interest, I am not entirely sure. However, when faced with deciding whether or not to introduce a bill, I do not think the opposition had any alternative but to vote for that substantive motion.

There is now an opportunity for discussion to occur around the chamber about the procedures in place for this legislation. I commend that course of action to the government. That would be sensible. I suggest to the government that there was a lack of communication with those who, so effectively, are responsible for chamber management on the opposition side. Not having any foreknowledge that this was going to occur, they found themselves in a similar situation

to the situation Senator Brown outlines. However, having had that vote, which has only had the impact of losing a little of the time for debate on another bill, there is an opportunity for consultation around the chamber. That is what ought to happen and it ought to happen forthwith.

Debate interrupted.

**Senator IAN CAMPBELL** (Western Australia—Minister for Local Government, Territories and Roads) (3.35 p.m.)—I give notice that, on 23 March 2004, I shall move:

That the provisions of paragraphs (5), (6) and (8) of standing order 111 not apply to the following bills, allowing them to be considered during this period of sittings:

Greater Sunrise Unitisation Agreement Implementation Bill 2004

Customs Tariff Amendment (Greater Sunrise) Bill 2004.

I also table a statement of reasons justifying the need for these bills to be considered during these sittings and seek leave to have the statement incorporated in *Hansard*.

Leave granted.

*The statement read as follows—*

**Purpose of the Bills**

The bills will bring the Unit Area created under the International Unitisation Agreement (IUA) for the Greater Sunrise petroleum field in the Timor Sea within the scope of relevant Commonwealth legislation, including those Acts listed in Annex II to the IUA, while at the same time removing the Unit Area from the scope of certain provisions of other relevant Acts.

**Reasons for Urgency**

Due to recent positive developments in areas relating to commercial negotiations on LNG, it is now imperative that this legislation be passed to provide certainty to those companies involved in negotiations to enable their negotiations to be advanced further. There is currently a window of opportunity to expedite the commercial development of the Greater Sunrise resource to the benefit of both East Timor and Australia.

Passage of the bills in the 2004 Autumn sittings will conclude the Greater Sunrise unitisation issues, preserve Australian interests and provide certainty to petroleum industry and investors.

Bills read a first time.

### Second Reading

**Senator IAN CAMPBELL** (Western Australia—Minister for Local Government, Territories and Roads) (4.45 p.m.)—I move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in *Hansard*.

Leave granted.

*The speeches read as follows—*

#### GREATER SUNRISE UNITISATION AGREEMENT IMPLEMENTATION BILL 2004

Mr President, the purpose of the Greater Sunrise Unitisation Agreement Implementation Bill 2004 is to give effect to the agreement between Australia and the Democratic Republic of Timor-Leste relating to the Unitisation of the Sunrise and Troubadour Fields. The agreement was signed by Australia and East Timor in Dili on 6 March 2003.

The agreement has been considered by the Joint Standing Committee on Treaties. The committee supported the agreement and recommended that binding treaty action be taken.

The agreement provides a framework for the development and commercialisation of the petroleum resources in the Sunrise and Troubadour fields, which are collectively known as Greater Sunrise, as a single unit.

This resource straddles the border between the joint petroleum development area, which is the area of shared jurisdiction between Australia and East Timor established by the Timor Sea Treaty, and an area of Australian jurisdiction.

Greater Sunrise contains an estimated 8.35 trillion cubic feet of natural gas and 295 million barrels of condensate. Current estimates are that 20.1 percent of these resources lie in the joint petroleum development area and 79.9 percent in Australian jurisdiction.

Ratification of the agreement by Australia and East Timor is required to provide industry with the certainty needed to proceed to develop this major resource. Australia will meet its obligations

#### GREATER SUNRISE UNITISATION AGREEMENT IMPLEMENTATION BILL 2004

#### CUSTOMS TARIFF AMENDMENT (GREATER SUNRISE) BILL 2004

### First Reading

Bills received from the House of Representatives.

**Senator IAN CAMPBELL** (Western Australia—Minister for Local Government, Territories and Roads) (4.44 p.m.)—I move:

That these bills may proceed without formalities, may be taken together and be now read a first time.

Question agreed to.

through amendments to the Petroleum (Submerged Lands) Act 1967 and other legislation.

The bill puts into place the administrative arrangements for the unit development of the Greater Sunrise petroleum resource. In practice, this means that Australian regulators and regulators of the joint petroleum development area will be able to ensure, jointly, that administration of the Greater Sunrise petroleum operations is co-ordinated, and that recovery operations are conducted in accordance with good oil field practice.

To the extent appropriate, the administrative arrangements will mirror those that apply elsewhere under Australian regulatory control. For example, for safety, occupational health, and protection of the environment, a single regime will apply across both the portion of the resource that is within the joint petroleum development area and the portion within Australian jurisdiction.

Moreover, that regime, entailing the preparation of environmental management plans and safety cases, will be the same as for any other petroleum development in Australia's offshore area.

There are, however, some aspects of the agreed arrangements that will be specific to administration of the Greater Sunrise petroleum resource. For example, the process for approving the development plan and the unit operator will be Greater Sunrise specific. This reflects matters agreed between Australia and East Timor and has no application outside the Greater Sunrise resource.

To ensure consistency of administration of development of this resource, the arrangements that usually apply in the Northern Territory adjacent area will be modified to enable the responsible Commonwealth minister to exercise statutory powers, rather than the Commonwealth minister working in concert with the counterpart Northern Territory minister, or instead of the Northern Territory minister working alone.

This will be a very similar arrangement as that which applies to the territory of Ashmore and Cartier Islands. This modification applies only in relation to the Greater Sunrise resource and will not affect administration of petroleum operations in the rest of the Northern Territory adjacent area.

In practice, the Australian government will work with the Northern Territory government on the

day to day administration of the Greater Sunrise resource.

For the purposes of taxation, the part of petroleum production from Greater Sunrise attributed to the joint petroleum development area will be taxed in accordance with the arrangements under the Timor Sea Treaty whereby East Timor has title to 90 per cent of production and Australia to 10 per cent.

The part of production from Greater Sunrise attributed to Australia will be taxed in accordance with Australia's domestic taxation arrangements.

Development of the Greater Sunrise resource could provide revenue to Australia of around \$8.5 billion over the life of the project.

The agreement includes a mechanism for adjusting the initial petroleum production apportionment between the joint petroleum development area and Australia if new geological evidence indicates that a revision is needed.

The agreement also includes a clause which states that its contents are without prejudice to the maritime boundary claims of Australia and East Timor. Discussions with East Timor concerning these claims have commenced.

As an essential first step towards developing Greater Sunrise, industry is seeking overseas markets for liquefied natural gas (LNG) produced from the resource. In keeping with its commitments under the LNG Action Agenda, the government will continue to support industry efforts to win LNG export contracts.

At the same time, industry is examining development options for the resources, including bringing gas on-shore to a liquefaction plant or the use of new floating liquefied natural gas technology.

Timely development of Greater Sunrise will deliver significant benefits to both Australia and East Timor. These benefits include investment, exports and employment as well as revenue. In addition, development of Greater Sunrise will stimulate increased investment in petroleum exploration and development in the Timor Sea which will be in the interest of Australia and particularly East Timor.

Just as Australia is honouring the agreement it reached with East Timor by putting in place the

necessary legislation, I call on the government of East Timor to expedite its own treaty implementation process.

The enactment of this bill will provide the legislative framework under which Greater Sunrise can be developed and will therefore contribute significantly to investor certainty in the area.

It is clearly in the national interest of Australia, as well as East Timor, that this bill be approved as soon as possible. I commend the bill to the Senate.

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#### CUSTOMS TARIFF AMENDMENT (GREATER SUNRISE) BILL 2004

The Customs Tariff Amendment (Greater Sunrise) Bill 2004 contains amendments to the Customs Tariff Act 1995.

The purpose of the bill, which is cognate with the Greater Sunrise Unitisation Agreement Implementation Bill 2004, is to give effect to article 22 of the agreement between Australia and the Democratic Republic of Timor-Leste relating to the Unitisation of the Sunrise and Troubadour fields.

This agreement was signed by Australia and East Timor in Dili on 6 March 2003 and provides a framework for the development and exploitation of the petroleum resources in the Sunrise and Troubadour fields, collectively known as the Greater Sunrise petroleum resource.

Article 22 of the agreement provides for the duty-free entry, into the Greater Sunrise unitisation area, of all goods and equipment for petroleum activities whether from Australia, East Timor or elsewhere.

Item 22A will be added to Schedule 4 of the Customs Tariff Act to provide for the duty free entry of goods, as prescribed by by-law, for use in petroleum related activities in the Eastern Greater Sunrise area.

Subsection 3(1) of Part 1 of the Customs Tariff Act will also be amended to insert a definition of the term 'petroleum activity'.

Ordered that further consideration of the second reading of these bills be adjourned to the first day of the next period of sittings, in accordance with standing order 111.