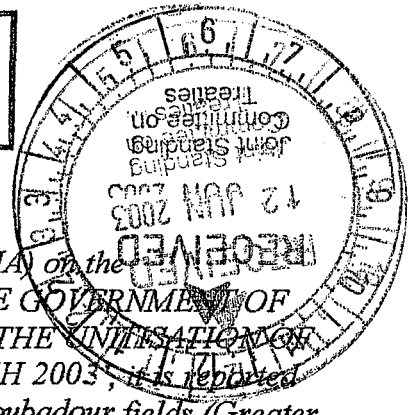


TT May June 2003
Submission No:14.....



Members of the Joint Standing Committee on Treaties,

In paragraph 14 of the Australian Government National Interest Analysis (NIA) of the 'AGREEMENT BETWEEN THE GOVERNMENT OF AUSTRALIA AND THE GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF EAST TIMOR-LESTE RELATING TO THE INITIATION OF THE SUNRISE AND TROUBADOUR FIELDS, DONE AT DILI ON 6 MARCH 2003', it is reported that Australia's share of revenues over the 30 year life of the Sunrise and Troubadour fields (Greater Sunrise) would amount to AUS \$8.5 billion which means approximately AUS \$283 million a year. To place this amount into context, the Treasurer Mr Peter Costello has forecasted in his last budget that the Australian Government would raise AUS \$178 billion in the year 2003/2004, and while I understand that every levies are needed to pay our national bill, the revenue from Greater Sunrise would amount to 0.15% of Australia's budget in 2003/2004 terms, furthermore Greater Sunrise is not expected to come into production until 2009 at the earliest (NIA paragraph 15).

Due to the Australian government indefinite postponement on a permanent arrangement for the sea borders with the Democratic Republic of Timor-Leste (DRTL), previous delimitations have had to be applied to calculate the Joint Petroleum Development Area (JPDA) which means that while the DRTL will be entitled to 90% of the revenues this share will only apply to 20.1% of the JPDA, which means that the DRTL will receive 18.01% of the total revenues, and as such according to the figures projected in the NIA this should give East Timor an annual income of thereabout AUS \$62 million. In Annex 2 of the NIA the government states that "[r]evenues from gas and oil reserves in the Timor Sea will underpin East Timor's economic future." And I agree entirely with this statement, it is estimated that by 2009 the revenue from Greater Sunrise will still represent 25% to 30% of the DRTL budget.

Given the disproportionate importance which the revenues from Greater Sunrise represent to Australia and the Democratic Republic of East Timor, I fail to see the need for Australia to want to dominate the Sunrise Commission by nominating two out of its three commissioners. The Sunrise Commission will not only have to monitor the implementation of the Treaty, but consult and make recommendations to both countries' Regulatory Authorities about best practices in the Joint Petroleum Development Area (JPDA), therefore it is only fair that the DRTL which has most to lose be allowed to have equal representation on the Sunrise Commission.

To this end I would like to make the following suggestions:

- (1) that the Sunrise Commission be made up of six persons;
- (2) with each country nominating three representatives;
- (3) each country's representatives will consist of one person who has expertise in the production of petroleum on and off shore in order to be able to deal with the oil companies as well as the nuts and bolts of production platforms. The second person will have expertise in contractual law in order to deal with legal issues arising from future developments. The third person will have expertise in industrial relations so as to enable the commission to deal with the issues arising from the manning of the production platforms, working conditions, health and safety and the like. I have qualified these positions so as to satisfy the criteria set out in Article 9 of the treaty.

By following the spirit of the agreements set out in this treaty it has a better chance of working out as intended by the parties. Furthermore the recommendations the Sunrise Commission will have to make from time to time are less likely to be challenged by the respective Regulatory Authorities if both parties have an equal input.

Yours sincerely,

Robert Peters