

DEPARTMENT OF THE SENATE
PAPER No. 4184
DATE
PRESENTED
27 OCT 1989
Mong Ewan

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

THE SENATE

COMMITTEE OF PRIVILEGES

PERSON REFERRED TO IN THE SENATE

(SIR CHARLES COURT)

(19TH REPORT)

OCTOBER 1989



REPORT

1. On 22 September 1989, Sir Charles Court wrote to the President of the Senate, Senator the Hon. Kerry W. Sibraa, enclosing a letter dated 20 September seeking redress under Resolution 5 of 25 February 1988 following remarks made by the Minister for Finance (Senator Walsh) during question time on 6 September. The President, having accepted Sir Charles' letters as a submission for the purposes of the Resolution of the Senate of 25 February 1988 relating to the protection of persons referred to in the Senate, referred the letters to the Committee of Privileges (see Appendix 1).
2. The Committee met in private session on 27 September and decided, pursuant to paragraph 3 of Privilege Resolution 5, to consider the submission from Sir Charles Court. Following its initial consideration of the submission, the Committee wrote to Sir Charles Court asking him further to examine the 20 September submission, with a view to his providing a response under paragraph 8 of Resolution 5 which the Committee could recommend under paragraph 7(b) for incorporation in Hansard. The Committee did not find it necessary to confer with the Minister for Finance.
3. Sir Charles Court responded to the Committee on 4 October. Having considered that submission at a meeting held on 25 October, the Committee decided to recommend to the Senate that an agreed statement be incorporated in Hansard. The Committee then contacted Sir Charles again and the submission at paragraph 4 below has been agreed to by Sir Charles and the Committee in accordance with Resolution 5(7)(b).

4. The Committee recommends

That a response by Sir Charles Court, in the terms specified below and agreed to by Sir Charles Court and the Committee, be incorporated in Hansard.

RESPONSE BY SIR CHARLES COURT, A.K., K.C.M.G., O.B.E.
AGREED TO BY SIR CHARLES COURT AND
THE COMMITTEE OF PRIVILEGES
PURSUANT TO RESOLUTION 5(7) (b) OF THE SENATE OF
25 FEBRUARY 1988

I consider the remarks by Senator Walsh in the Senate on 6th September, 1989 about me and the North West Shelf Natural Gas Project to be both offensive and inaccurate.

This is not the first time Senator Walsh has used the privileges of Parliament to inaccurately and unfairly attack me and my part in the project.

The pertinent matters to prove Senator Walsh wrong are:

- The North West Shelf Natural Gas Project is Australia's biggest ever single energy project. This was in spite of attempts to thwart it by the Whitlam Government. These attempts caused serious disruptions to the construction timetables and costs. They also had serious consequences for the timing of the marketing of the domestic and export natural gas.

- It has given Australia a huge supply of environmentally effective clean energy for domestic and export purposes.
- It has been the salvation of the Western Australian economy over the last six years, pumping money into W.A. at rates up to \$4 million a day.
- It has created many thousands of employment positions both directly and indirectly and has generated many new and sophisticated skills which are available for future use in Australia on petroleum and other projects including overseas engineering contracts.
- It has developed standards of safety on construction work never previously achieved in Australia thus setting a pattern for the future.
- As a result of the take or pay agreement negotiated by the Government I led and the SEC of WA, there was early access to large quantities of condensates extracted from the natural gas in Pilbara thus creating export income and import offsets ahead of the LNG export phase.
- The take or pay contract for domestic gas was a catalyst for this project to develop domestic gas quickly and make it possible for the LNG export phase to be proceeded with on the timetable which has been achieved. In addition it hastened the time for substantial royalties to flow to both Commonwealth and State Governments.

- The LNG export phase has commenced with Japanese contract commitments which will build up to exports of \$2 billion a year or the equivalent of another wheat, wool or iron ore cheque for W.A. - with more to follow.
- Without this take or pay contract for domestic gas no export LNG phase - desperately needed by Australia - would have been possible.
- Take or pay contracts are normal arrangements and in the interests of both parties.
- The contract was not responsible, as the Senator suggests, for "a \$1 billion plus bill, because of this contract, which a megalomaniac who happened to be the Premier at the time, back in the late 1970's, had forced the State Electricity Commission Commissioners to sign."

Likewise, equally false is Senator Walsh's other claim - "... the Western Australian Government requested some financial relief from the Commonwealth because of the disastrous consequences of the take or pay contract that that pompous old fraud Charles Court signed some eight or nine years ago".

- There was no direction or pressure applied to the State Electricity Commission to sign this agreement in the negotiation of which they were fully involved and were acquiescent. It was a logical extension of their energy commitments to the State.

- Any deal worked out in 1984/85 between the Federal and W.A. (Burke) Governments in respect of the project was entirely between the two Labor Governments of the time and not because of the agreement negotiated by my Government and SEC.

No such negotiations with the Commonwealth Government would have been necessary nor would have taken place had I continued in Office and not retired from Parliament in 1982.

The agreement my Government and the SEC negotiated had ample provision for renegotiation with the Joint Venturers if circumstances changed. Above all it provided for the domestic gas to remain competitive against coal and oil.

I can only assume the Commonwealth/State 1984/85 negotiations took place because of inexperience on the part of the Burke Government and an over reaction to one of the aberrations that periodically and inevitably occur within the economy - particularly commodity markets for natural resources and energy.

- Rather than have any long term accumulating debt from the take or pay domestic gas contract due to temporarily not being able to take contract quantities, I understand SEC is already taking its full contract figure. It is also drawing on some of the initial build up of natural gas inventory.
- As further evidence of the wisdom of the original take or pay Contract entered into, the present Western Australian Government is exhorting

companies to find and develop more gas; ways of increasing the capacity of the pipeline to deliver additional gas are also being actively pursued.

- In spite of what the Senator infers, gas paid for and taken into inventory is not lost to SEC. It is drawn upon when demand arises thus greatly improving the SEC cash flow in those years when the gas is taken from inventory - as originally envisaged. It is also realistic to assume the gas will yield higher prices to SEC in years of sale as against the time it was paid for and taken into inventory.

- Had I not encouraged the negotiation of the take or pay agreement with the full support of the Government I led I would have been justifiably criticised today as a person of no vision and no faith in our State and the nation's future.

- Senator Walsh apparently is not aware of the comments made at the University of W.A. in 1983 after Premier Burke and his Government had been fully briefed on the project. Amongst other things he said, "This project is absolutely stunning". He reiterated this and more in eulogy of the project when he launched the official start of the domestic gas operations in 1984.

Senator Walsh also said about me, "the Western Australian politician who engineered the greatest losses ever inflicted upon the taxpayers and consumers of Western Australia is the same Western Australian politician who is now being holier than thou and conspiring with a number of other people in Perth in an attempt to crucify the State Government for having made some mistakes...".

This is both offensive and wrong.

The first part of this statement in respect to the alleged losses has been answered earlier in this submission.

The reference to "Conspiring" has been proved completely false. The W.A. Government tried a similar claim under the privileges of Parliament. There never has been any conspiring by me as has also been confirmed by the other parties wrongly accused.

The limited reply that Resolution No. 5 apparently permits makes it well nigh impossible for a person attacked in such a manner by Senator Walsh to adequately reply. However, I tender the foregoing in good faith hoping it can be recorded in the proceedings and Hansard of the Senate.

Sir Charles Court

A handwritten signature in cursive script, appearing to read "Patricia Giles". The signature is written in dark ink and is positioned above the typed name and title.

Patricia Giles
Chair

27 October 1989



PRESIDENT OF THE SENATE

PARLIAMENT HOUSE
CANBERRA

25 September 1989

Senator P.J. Giles
Chair
Privileges Committee
The Senate
Parliament House
CANBERRA ACT 2600

Dear Senator Giles

Pursuant to the resolution of the Senate of 25 February 1988 relating to the protection of persons referred to in the Senate, I refer to the Committee of Privileges the attached letter dated 20 September 1989 relating to remarks made in the Senate concerning Sir Charles Court.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Kerry W. Sibraa'.

(Kerry W. Sibraa)