



# East Timor accuses Australia of spying for economic gain

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**East Timor is accusing Australia of bugging its cabinet for commercial advantage and threatening to end a lucrative gas treaty over the claims.**

Conor Duffy

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**Topics:** foreign-affairs, oil-and-gas, security-intelligence, australia, east-timor

Transcript

LEIGH SALES, PRESENTER: New spying allegations have blown up around the Australian Government, with East Timor claiming Australia bugged its cabinet ahead of crucial talks on a lucrative gas deal in 2004.

A senior Timorese Government minister currently in Australia has told 7.30 that Dili is seeking to have the gas treaty overturned in an international court because it was tainted by espionage.

The Timorese Government also claims Australia has cheated East Timor of the benefits of its rich resources.

The minister has revealed the East Timorese quietly sought a response from Australia last December, but when its approach was ignored, it sought international arbitration.

As Conor Duffy reports, East Timor says the revenue in the treaty is crucial for its future.

CONOR DUFFY, REPORTER: In Dili in 2004, the cabinet of the newest country in the world met to work on a deal that could make or break its future.

At stake was \$40 billion of revenue from the Greater Sunrise gas field, 100 kilometres off the East Timorese coast and about 400 kilometres from Australia. The resources were crucial for financing the young nation's future.

AGIO PEREIRA, PRESIDENT OF THE COUNCIL OF MINISTERS, EAST TIMOR: It's critical, critical because much of our annual budget is drawn from the petroleum fund and the development of our country demands infrastructures 'cause we're building a nation-state literally from zero.

CONOR DUFFY: Australia also wanted piece of the action.

East Timor claims Australia was so intent on that outcome, it took the incredible step of bugging the East Timorese cabinet room, the place where negotiators talked tactics. East Timor believes the bugging gave Australia the edge in the talks that followed.

AGIO PEREIRA: When you bug negotiating team's evaluation of the impact of their negotiations, you do have an advantage. It's more than unfair. It actually creates incredible disadvantage to the other side.

CONOR DUFFY: Former Labor government MP Janelle Saffin lost her seat at the last election and is now working as a legal advisor for East Timor.

JANELLE SAFFIN, EAST TIMOR LEGAL ADVISOR: You know, some people say everybody spies on everybody, but certainly, look, there's got to be protocols around that and that's really a matter, I think, between the countries also within the United Nations, and secondly, it's the purpose of the spying or the listening, and I think that raises really serious questions. If spying has been taking place and somebody is able to gain a commercial advantage, that's certainly of deep, deep concern. And that's something that I'm concerned about and I know a lot of people would be.

CONOR DUFFY: Paul Cleary was an advisor to the East Timor Government during the treaty negotiations.

PAUL CLEARY, FMR ADVISOR, EAST TIMOR GOVERNMENT: We were told by Peter Galbraith, who was a former US ambassador who had a really good insight into these intelligence activities, that all of our communications would be monitored. So at one meeting in Canberra in 2005, we were actually in the Foreign Affairs building and we decided to leave and we went to the Sculpture Garden of the National Gallery and we put all of our mobile phones in my bag and we put it about 100 metres away and we actually held our discussions in the Sculpture Garden because of the real concern we had that we will be bugged.

CONOR DUFFY: Even in East Timor, the team saw Australia's foreign intelligence service as a constant threat and there's suspicions bribes were paid.

PAUL CLEARY: We were also aware that there was potential for ASIS to be contacting members of our negotiating team, and there clearly is evidence, I think - and I cite this in my book - of one very senior advisor who all of a sudden sort of went weak at the knees and was advising the East Timor Government to capitulate and accept a really poor offer that was being made by Australia.

CONOR DUFFY: In Sydney today, East Timor's President of the Council of Ministers, Agio Pereira, sold 7.30 compelling evidence will be provided during international arbitration the country has commenced. An East Timorese delegation is heading to a preliminary hearing to scrap the 2006 treaty at the Permanent Court of Arbitration next week.

AGIO PEREIRA: It's not about money, it's about sovereignty, it's about certainty and it's about the future of our future generations. Is very important for Timor.

CONOR DUFFY: Mr Pereira says East Timor has tried to discuss the matter several times and would abandon its arbitration if the Australian Government gave it a detailed response to its spying concerns.

AGIO PEREIRA: Our Prime Minister, on 7th December last year, sent an official note, a memorial if you like, to the - to his (inaudible), the Honourable Prime Minister Julia Gillard, which we expect a substantive reply which never came. Instead we have a low-level discussion in Bangkok, which also did not really bear any fruit.

CONOR DUFFY: Tomorrow East Timor celebrates one of its two independence days. It says its relationship with Australia remains strong, but is warning Canberra to take its concerns on the spying seriously.

AGIO PEREIRA: We need to define these boundaries - the way the national interests wears the red line and I think after the Cold War, you need to start to think seriously about who you consider your real enemies, not the virtual ones.

CONOR DUFFY: Should you not spy on friends then?

AGIO PEREIRA: That's the old saying of President Eisenhower, no?, that gentlemen should not read gentlemen's mail.

CONOR DUFFY: Father Frank Brennan has long lobbied for East Timor to have maritime boundaries redrawn. He says the treaty was harsh because it stopped East Timor negotiating maritime boundaries for 50 years.

FRANK BRENNAN, AUSTRALIAN CATHOLIC UNIVERSITY: What's even more strange is a provision was put in which said that even if the treaty was terminated, that if over time there was exploitation of the resources, then provisions of the treaty would be resurrected and you would no longer be able to negotiate maritime boundaries. Now that definitely is a piece of overreach which you don't usually find in treaties.

CONOR DUFFY: He rejects claims the allegations are only being raised again to take advantage

FRANK BRENNAN: I would think it's very damaging if there be evidence not just of espionage against another party during a treaty negotiation, but actually espionage within the cabinet room of that other government as they're making those arrangements. Now of course these things haven't been proved at this stage, but they have been strongly alleged and there is now an arbitration in tow.

CONOR DUFFY: Past and current Australian ministers weren't available for interview today, but back in May, then Foreign Minister Bob Carr and Attorney-General Mark Dreyfus issued a statement saying the Government didn't comment on intelligence matters, even those that were untrue.

LEIGH SALES: Conor Duffy reporting.

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