

## THE AUSTRALIAN

# East Timor's tribulations fuelled by Darwin's great LNG pipedream

PAUL CLEARY THE AUSTRALIAN DECEMBER 05, 2013 12:00AM

**EAST Timor's bid to have its 2006 treaty with Australia declared void by the Permanent Court of Arbitration isn't really about The Hague, where the court is based, or about spying. It's about Darwin and pipelines and the phenomenal development that the country's leaders have witnessed in the space of just 10 years.**

Revenue from the gasfields in the Timor Sea has boosted the East Timorese budget 16-fold since 2006. Australia's substantial aid has also lifted the economy.

But while there is little to show for the increase in East Timor, leaders of the tiny nation who regularly transit through Darwin have been astonished by the way the onshore development stemming from Timor Sea gas piped 500km to the Northern Territory has transformed the once sleepy outpost into Australia's Dallas.

Darwin's first liquefied natural gas plant began construction in 2003 and a second one is under way.

Its house prices have soared to become among the highest in the country and the city has become a cosmopolitan centre with high rise apartments, international hotels and its own convention centre.

While East Timor's leaders are envious of Darwin, their bid to have the Treaty on Certain Maritime Arrangements in the Timor Sea torn up risks becoming another case of the country stirring up a foreign dispute that distracts attention from the main game of addressing mass poverty at home.

Like the dispute last decade, this latest twist in the Timor Sea saga feeds into domestic politics. The country's leaders are seasoned PR practitioners. Last year, with the help of the ABC's Four Corners, they launched a populist attack on their biggest investor, oil giant ConocoPhillips, over its tax compliance.

ASIO's swoop on the Timorese government's Australia-based legal representative on Tuesday gave Prime Minister Xanana Gusmao more political ammunition to hurl at Australia. He condemned it in the strongest terms as "unconscionable and unacceptable conduct" and called on Tony Abbott to give a full explanation and to guarantee the safety of its witness, the former ASIS spy.

All ASIS agents undertake not to disclose details of secret operations -- an agreement that would have been breached and subject to stiff penalty if the former agent has revealed information about any activity in East Timor.

The Attorney-General George Brandis accused the lawyer, Bernard Collaery, and Jesuit priest Frank Brennan of making "rather wild and injudicious claims" about the raids. He said

he had instructed ASIO to ensure that the material it collected was not passed on to the Australian legal team handling the case in The Hague.

Mr Abbott defended the raid on Mr Collaery's office, saying it was carried out in the national interest to ensure Australia's security.

Fr Brennan said Senator Brandis had authorised raids that may have harmed Australia's national interest in the court proceedings in the Hague.

The risks for East Timor now can be seen in the events that unfolded a decade ago when then prime minister Mari Alkatiri became preoccupied with the Timor Sea negotiations and did very little to drive development.

The country had secured a 90 per cent share of the upstream revenue under the 2002 Timor Sea Treaty, whereas the 2006 Treaty delivered a 50 per cent share of revenue from the Greater Sunrise field.

The government's lack of action, and autocratic style, resulted in a mass uprising in 2006 that plunged the tiny country to the brink of civil war and required another round of Australian military intervention.

Back then, the government was hamstrung by a budget of less than \$100 million a year -- and the inability to spend most of this budget -- for a country with a population of 1 million. Now, the budget is about 16 times that amount but there remains a lack of compelling evidence to show that the money is transforming the lives of the impoverished people.

Timorese people blame "KKN", which stands for corruption, cronyism and nepotism, while business executives say they are grappling with burdensome bureaucracy that appears to be influenced by the country's history.

World Bank figures show that life expectancy is just 66 years, which has increased considerably. But 49 per cent of the population live in poverty, which is higher than the 36 per cent in 2001, when the country was in transition from Indonesian rule.

Fr Brennan agrees "absolutely" that the new dispute risks diverting attention away from national development. "That's why we need to put all this behind us so the Timorese leadership can address the very big issues," he said.

Melbourne businessman Kevin Bailey, who sits on the board of East Timor's \$15 billion petroleum fund, said the country's main interest was securing the LNG facility to process Greater Sunrise gas and drive employment growth in the impoverished nation.

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