

PM with Mark Colvin

Monday to Friday from 6:05pm on ABC Local Radio and 5:00pm on Radio National.

Labor will give Timor a new deal on oil if it wins election

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MARK COLVIN: Labor's shadow foreign Minister says if the United Nations rules in favour of East Timor in a border dispute and her party wins government, it'll negotiate a new and fair maritime boundary with the tiny state to our north.

Tanya Plibersek's promise would mean East Timor gaining, and Australia losing, billions in royalties from the disputed oil and gas resources under the seas between.

It would also mean a historic diplomatic climb-down from the original deal struck when the fledging nation was emerging from Indonesian rule.

The Government has attacked Timor's decision, reported on this program last night, to wind up years of fruitless talk and call in the UN.

Peter Lloyd.

PETER LLOYD: It was just before midday yesterday when Timor pulled the pin on talks with Australia over the ownership of vast oil and gas fields that lie deep under the balmy waters that lie between us.

First response from the Turnbull Government was a few lines that directly challenged Timor's claim that the deal is unjust, Australia is greedy and doing it all can not to draw a line on the map that properly separates two sovereign states.

The deal was negotiated by foreign minister Alexander Downer years ago. He still stands by it and so does his one-time adviser on the matter.

That man is now Resources Minister Josh Frydenberg. He spoke on Radio National breakfast.

JOSH FRYDENBERG: But certainly East Timor are the ones who are getting the greatest benefit.

PETER LLOYD: It was back in February when Labor unveiled its new approach to the nagging treaty dispute. It was the start of the daylight now growing between Labor and the Coalition on this issue and that was before Timor threw in the bombshell.

Australia now faces the prospect that the world body will now agree with the Timorese.

It's now clear how Labor in power would respond. Tanya Plibersek.

TANYA PLIBERSEK: Look I think it's definitely the right thing to do in a moral sense.

The people of East Timor were very happy that Australia played an important role in helping the people of East Timor secure their independence from Indonesia, but since then the relationship has come under a great deal of strain, because these people from one of the poorest nations in our region, a tiny country compared with Australia, feel that Australia has deliberately delayed the finalisation of this seabed boundary issue.

So it has certainly, as well as being a moral good as you say, I think would certainly contribute to restoring the bilateral relationship to the close one that it should be.

PETER LLOYD: What have the Timorese asked you to do?

TANYA PLIBERSEK: Well this actually, I mean at different times we've had different discussions with members of the East Timorese government and they've not asked for charity, they've asked for justice in their words.

PETER LLOYD: It's a good slogan, but does it mean, what are they asking for?

TANYA PLIBERSEK: It means submit to international arbitration if we can't resolve it bilaterally. And at the same time as we're saying that China and other nations that have claims in the South China Sea should submit themselves to arbitration and should abide by the outcome of that arbitration, particularly under the UN Convention on the Law of the

Sea, it's a bit rich if we're not prepared to do it ourselves.

I think the Coalition's position is that we can continue to string this out for as long as we like because we're a big nation faced with a request from a smaller nation, and I think if we revert to a position where might is right and we ignore conventions like the UN Convention on the Law of the Sea, then we're not an infinitely strong position ourselves.

The best case, the best environment for Australia, is a world where all countries abide by the law, the international law, and if we are not prepared to do it ourselves, we can't expect that other countries will do it.

We've seen just recently, for example the Japanese Government have taken steps to withdraw from part of the jurisdiction on the UN Convention on the Law of the Sea so they continue to hunt whales.

Well of course Australia says that's wrong. We've had a judgement in the international fora that says it is wrong for the Japanese Government to allow this whale slaughter. We say they should abide by international law.

We can't then exempt ourselves from the same convention when it comes to the seabed boundary dispute.

PETER LLOYD: So it follows that if the UN arbitration process ends with Australia being told you have to right this wrong, you do it.

TANYA PLIBERSEK: Of course. At the end of the day, you don't do that unless you're prepared to accept the results of that adjudication.

PETER LLOYD: You could lose a lot of money from donors like Woodside and other extractive industries by doing that. Have you told them what you're going to do and have they accepted it?

TANYA PLIBERSEK: Yes, we have, yes we have.

PETER LLOYD: Have they accepted it?

TANYA PLIBERSEK: Well they accept that they this is an unresolved issue that contributes to a great deal of uncertainty and I think, I mean as you know, international commodity prices are under a lot of stress at the moment so there's a debate whether any of these resources are economical any time soon.

But from the point of view of a company, what they need is some certainty for development to occur and I think from their perspective that certainty would be welcomed.

PETER LLOYD: In Dili, dilapidation is making way of development. The people Indonesia wanted dead or jailed or supplicants now largely run the country.

A profound sense of injustice about Australia and big oil and their power play over the country's prized natural asset is marrow in the national story.

For eight years, Steve Bracks was the premier of Victoria, and for the last seven, he's been advising Timor and making a government from scratch.

STEVE BRACKS: This is a profound issue in Timor-Leste. Publicly, no matter where you go around the country, people are aware that what they need to be sovereign nation is to have control over their territorial waters.

I mean for example this joint development area in the Timor Sea, the Sunrise development, is 150 kilometres from Timor and 400 kilometres from Australia's shore.

It's hard for people to understand how Australia should therefore have 50 per cent of the development of that resource.

Clearly if there's a proper international boundary on the median line, it would be totally Timor's resource. This is billions of dollars in a sovereign wealth fund which would go to building infrastructure as a country.

And you know, that's exactly what Timor needs and it's very well understood in the country.

PETER LLOYD: The oil and gas deals in place with Indonesia before independence carried the support of Australia, so if I asked Steve Bracks if commercial interests were mixed with the national interest when John Howard sent in the troops to keep the peace.

A treaty that was never that fair on Timor from Timor's point of view was protected by John Howard and others at the time of the intervention. How much was that a reason for Australia getting involved in the first place?

STEVE BRACKS: Well we'll never know how much of a reason that was. Clearly that was in the background, that the pre-arrangements with Indonesia then carried forward to the newly independent country of Timor-Leste, was favourable to Australia in the 50-50 split that was forged on a no prejudice basis.

Nevertheless I think there was goodwill in making sure that Australia stood up for the independent rights of people in Timor-Leste and that was welcomed.

PETER LLOYD: A year from now, when the UN rules, the way forward might be clear.

MARK COLVIN: Peter Lloyd reporting.

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