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# FINANCIAL TIMES

## Australia's Watergate' set for trial over East Timor spying claims

**Former spy and lawyer accused over alleged bugging of Dili cabinet during \$40bn gas talks**

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*Jamie Smyth in Sydney*

The trial of a former Australian spy on Thursday could shed light on allegations that Canberra used its intelligence services to defraud its impoverished neighbour East Timor during talks over gas contracts worth up to \$40bn.

The case, which has been dubbed "Australia's Watergate", raises questions about how nations use spies to further commercial interests and follows the indictment of 10 Chinese intelligence officers on commercial espionage charges in the US this week.

Australian prosecutors have charged "Witness K", a former senior intelligence officer, and his lawyer Bernard Collaery a former attorney-general for the Australian Capital Territory with revealing state secrets.

They allege the two men broke the law by revealing that Alexander Downer, a former Australian foreign minister, ordered the bugging of East Timor's Cabinet Office in 2004 in a move that benefited an Australian resources company, Woodside, to the detriment of East Timor.

Mr Downer later secured work as a consultant for Woodside when he stepped down from parliament in 2008 while Ashton Calvert, who was secretary of the Department of Foreign Affairs in 2004, joined the Woodside board when he retired from public service. Mr Calvert in 2007, while Mr Downer was appointed Australia's ambassador to the UK in 2014 a position from which he allegedly tipped off the US about Russian efforts to influence the 2016 presidential election.

Mr Downer has refused to comment on whether he ordered the intelligence operation but previously told media the "Australian government was on Australia's side in the negotiations" with East Timor. Woodside said it was unaware of any intelligence operation.

The charges could see "Witness K" and Mr Collaery imprisoned for up to two years if found guilty a move critics say is designed to send a message to intelligence officers and civil rights advocates about the dangers of speaking out when they believe the state has broken the law. However, the trial could embarrass Australian authorities if details of the spying mission in East Timor are revealed and support claims by Mr Collaery the operation broke Australian law.

A group of independent MPs have called on the police to investigate the bugging claims, which successive governments have refused to confirm or deny. They are also calling for the establishment of an anti-corruption commission to probe the matter.

“Australia’s bugging of East Timor in 2004 was illegal, unscrupulous and remains unresolved, so it’s no wonder that the whole affair has been likened to the Watergate scandal,” said Andrew Wilkie, an independent MP.

"A succession of governments have covered it up and the current government is even charging the whistleblower and his lawyer."

Some information on the alleged spying leaked into the public domain when East Timor took legal action against Canberra, arguing it obtained unfair advantage during negotiations on a new maritime border and an associated oil and gas treaty. This includes claims that a team of Australian agents inserted the bug into East Timor’s Cabinet Office under the guise of a foreign aid programme.

East Timor dropped its case at the International Court of Justice before it signed a treaty in March with Australia, which redrew the maritime boundary linked to the Greater Sunrise gasfield in which Woodside owns a 33 per cent stake.

Australian prosecutors said last month they wanted the judge to impose strict rules that would likely prevent media reporting details of the case, including the alleged spying. If the application is granted, critics say it would remove one of the final opportunities for the public to learn about a potentially illegal operation.

It comes months after Australia’s parliament passed a swath of new security laws that create tougher penalties for leaking information on national security operations and espionage offences.

“Oversight of the intelligence services is alarmingly poor,” said Clinton Fernandes, a professor at the University of New South Wales. “Australia lacks institutionalised review of surveillance programmes from both the legislative and judicial branches of government.”