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Australia accused of 'siphoning' millions in Timor-Leste oil revenue

Exclusive: Delay in ratifying treaty means Australia has taken more than it has given Timor-Leste in foreign aid



An oil platform in the Timor Sea. Australia has been accused of taking oil revenue that should belong to Timor-Leste. Photograph: AFP/Getty Images

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Australia has been accused of “siphoning” millions of dollars a month in oil revenue that should belong to [Timor-Leste](#), because the government is yet to ratify last year's maritime border treaty.

Estimates suggest the revenue taken by Australia since the signing of the treaty now totals more than it has given to Timor-Leste in foreign aid, and [more than Timor-Leste spends on health in a year](#).

The historic treaty, signed at the United Nations in March 2018, delimited [a permanent maritime border to close the Timor Gap](#), and established a “special regime” area for sharing an untapped, multibillion-dollar gas field in the Timor Sea. The new border confirmed several former and operational fields were in Timorese territory, [despite decades of Australia profiting from them](#).

At the time of the signing, Australia insisted the treaty would not take effect until both countries had ratified it. But the Australian government has now failed to ratify the deal before the announcement of the federal election. Critics have blamed this on the “dysfunction” of the Coalition government and 45th parliament.

The delay has meant that Australia continues to draw profits from the Bayu-Undan fields, which had previously been split 90-10 but was confirmed by the treaty to have belonged entirely to Timor-Leste.

Estimates vary between \$350,000 and \$2.9m per week that Australia is drawing by continuing to claim 10% of the Bayu-Undan revenue.

“This is pretty outrageous when it comes to one of our poorest neighbours,” said Steve Bracks, the former Victorian premier and founder of the Timor-Leste governance project. “They’re being denied that money because of the dysfunction of the Australian government and its insistence that parliament needs to ratify the treaty.”

Timor-Leste is the second-most oil-dependent country on earth but its reserves are expected to run out first. [The government is scrambling to diversify its economy](#) and stave off the crisis of losing the 90% share of its annual budget that come from the Petroleum Fund – primarily Bayu-Undan profits.

Bracks, who is also an occasional adviser to Timor-Leste, called on Australia’s main political parties to commit to repaying the money collected since March 2018 when the treaty was signed.

The Labor party, which is expected to win the election, did not respond to requests for comment.

The foreign affairs minister, Marise Payne, did not say if a re-elected Coalition government would repay the money. However, she said both countries were working to finalise the necessary arrangements.

“The Coalition government tabled the first tranche of legislation in parliament last year and the Senate economics committee recommended on 8 February that it be passed,” Payne said. “Work is under way on the second tranche of legislation, which will be finalised after negotiations on extensive transitional arrangements with the affected companies have been concluded.”

However, Bracks said that was not necessary to enable Timor-Leste to receive the revenue it was entitled to.

“Under executive fiat they could have just proceeded [with the new arrangements] but instead Australia insisted the parliaments of both countries ratify this,” he said.

L'ao Hamutuk, a Dili-based human rights organisation, said both countries could have ratified the treaty in August – when Timor-Leste's new parliament began sitting and when the Australian joint select committee on the treaty published its report.

"But in the next seven months Australia received US\$44m from Bayu-Undan," said Charles Scheiner, of L'ao Hamutuk. "If ratification doesn't happen until the end of July 2019 [the next sitting dates after the Australian federal election], this will grow to about US\$76m.

"If the treaty had been ratified expeditiously, the Bayu-Undan revenue no longer being siphoned off by Australia would have covered the health costs of the entire Timorese population."

The treaty ended a decades-long negotiation process that included [Australia spying on Timorese representatives](#), and [revelations that successive Australian governments were driven by a desire for resources](#) when it decided to legitimise the Indonesian invasion of Timor-Leste.

Bracks accused the government of continuing to obfuscate and insist on a previous arrangement "forged under industrial espionage".

L'ao Hamutuk estimated last year that Australia had taken billions of dollars in revenue over the decades that negotiations continued – money that should have been Timor-Leste's and which has not been requested back by the tiny island nation in what Bracks described as an "act of goodwill".

Last year, a Timorese diplomatic source told the Guardian Timor-Leste was unlikely to push for compensation because of Australia's generosity during "difficult times", but added: "If Australia wanted to give it to Timor, then that would be nice."

Bracks said that "on any fair reasoning" it should be repaid, but Timor-Leste was not asking for that, which made the revelation that Australia was continuing to earn revenue from Bayu-Undan even more outrageous.