

The Guardian

Australia will pay back Timor-Leste's oil revenue, Jose Ramos-Horta says

Former president says he has faith his country's far richer neighbour will not quarrel over revenue it wrongly received



Jose Ramos-Horta says he is confident Australia will reimburse 'every cent it wrongly received' after the countries signed a maritime border treaty last year. Photograph: Alan Porritt/AAP

Helen Davidson

Sun 21 Apr 2019 13.07 AEST

Jose Ramos-Horta, the former president of Timor-Leste and Nobel laureate, says he believes Australia will reimburse "every cent it wrongly received" after the countries signed a maritime border treaty last year.

His comments are in response to revelations in Guardian Australia that the Australian government was taking millions of dollars a month in oil revenue which should belong to Timor-Leste because it hasn't ratified the treaty.

Both major parties have been called on to make a pre-election commitment to repay the money – estimated to be more than \$100m.

The Labor party, which is currently considered likely to win next month's election, has ignored multiple requests for their stance on repayment and on a timeline for ratification.

The Coalition government's foreign minister has previously provided comment but not responded to queries about repayment.

However, Ramos-Horta told Guardian Australia he had faith his country's far richer neighbour "will not quarrel over this payment due to Timor-Leste".

"I am sure Australia will reimburse every cent it wrongly received following the solemn signing last year at the UN HQ in New York of the permanent maritime boundary between our two countries," he said.

"Timor-Leste showed pragmatism and statesmanship when as part of the maritime boundary agreement it did not demand back pay of several billion dollars from Australia's illegal exploitation of three fields, Bufo, Laminaria and Coralina, now depleted."

The historic treaty delimited a permanent maritime border to close the Timor Gap and established a "special regime" area for sharing the untapped, multibillion-dollar Sunrise 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.

Observers have noted Australia did not need to insist on such an arrangement, but as a result it has continued to draw the 10% share of revenue from the profitable but nearly depleted Bayu Undan fields that it was taking prior to the treaty.

Estimates vary between \$350,000 and \$2.9m per week, more than Australia has given Timor-Leste in foreign aid, and more than Timor-Leste spends on health.

The foreign minister, Marise Payne, said on Tuesday the government had passed the first tranche of legislation to ratify the treaty and work was under way on the second, "which will be finalised after negotiations on extensive transitional arrangements with the affected companies have been concluded". Her office did not respond to follow up questions.

The Department of Foreign Affairs and Trade told Guardian Australia the process was continuing and there was "no delay". A spokesman said there had never been a set timeline for ratification.

"The Treaty requires the completion of what are very complex transitional arrangement negotiations between Timor-Leste, Australia and the affected petroleum companies," he said.

Timor-Leste government officials did not respond to requests for comment.

L'ao Hamutuk, a Dili-based human rights organisation, has said Australia could reasonably have ratified the treaty in August, after its parliamentary joint committee into the treaty produced its final report. Since then it has received US\$44m in revenue, and by the time of the next parliamentary sittings in July the amount will grow to an estimated US\$76m.

“Australia’s history with Timor-Leste is a textbook lesson in how to squander the goodwill of a neighbour and good friend,” the leader of the Australian Greens, Richard Di Natale, said.

“Successive Australian governments have behaved reprehensibly, spying on negotiations to benefit the financial interests of major donor Woodside, all under the cover of an aid project.

For years, we have taken revenue that is rightfully Timor-Leste’s. The least we can do now is give them what they are rightfully owed under the new treaty.”

Tom Clarke, spokesman for the Timor Sea Justice campaign, said numerous Australian governments had “tried every trick in the book to short-change the Timorese out of billions of dollars in oil and gas revenue”.

“We wouldn’t dream of trying these tricks with our other neighbours like New Zealand. Both the foreign minister and the shadow minister, Penny Wong, must commit to a firm post-election deadline for when the treaty will be ratified.

“The Timorese fought long and hard for decades to achieve independence, they shouldn’t have to wait any longer to be able to benefit from their own natural resources.”

Timor-Leste is the second most oil dependent nation on earth, and is racing the clock as its current reserves are expected run out within a few years. One unresolved part of the treaty determines the split of revenue from the untapped Sunrise oil and gas fields.

Both nations want the gas piped to their own facilities for processing, and Timor-Leste has said it will give up a further 10% of revenue (dropping their share to 70%) in return.

Proponents of the Sunrise field have balked at the proposal, which would require a pipeline across the deep Timor trench, and in November Timor-Leste bought Shell’s 26% share for \$413m.

On Wednesday the government became the majority owner after it completed the purchase from Shell and another 30% from ConocoPhillips for \$490m.

The state-owned TimorGap oil company now owns more than 56% of the Woodside-operated venture. Woodside owns 33.44% and Japanese company Osaka Gas owns the remaining 10%.