Submission No 8

Inquiry into Australia’s Relationship with Timor-Leste

Name: Ged Kearney, President, ACTU

Organisation: Union Aid Abroad – APHEDA
Ref: GD:gb-dd

26 March 2013

Dear Mr Carter,

Re: Inquiry into Australia’s relationship with East Timor

Thank you for your letter dated 8 February inviting an ACTU submission to the JSCFADT Inquiry into Australia’s relationship with East Timor.

The Australian Council of Trade Unions (ACTU) supports an international development program that focuses on development in our region; works with other governments and social partners effectively to meet the Millennium Development Goals (MDGs); promotes employment, trade, investment, food security, economic growth and social cohesion; and promotes peace and democracy in countries in conflict.

In 1984, Union Aid Abroad – APHEDA was established as the overseas aid agency of the ACTU. The work of APHEDA and its partner organisations contributes directly to countries and regions of the world where men and women workers are disadvantaged through poverty, a lack of workplace, denial of labour and human rights, civil conflict and war.

Union Aid Abroad – APHEDA has worked in Timor-Leste since 1999, providing humanitarian relief, supporting the trade union movement, advocating the inclusion of Decent Work principles into the Labour Code, providing vocational and skills training, supporting the establishment of business cooperatives, and providing literacy training in rural communities.
It is essential that Australia’s continuing relationship with East Timor recognises the central importance of Decent Work in promoting genuine sustainable economic and social development in Timor Leste, and supports the leadership role that civil society plays in driving both democracy and development.

The ACTU endorses and strongly supports the APHEDA submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry into Australia’s relationship with East Timor, and its recommendations.

Yours sincerely,

[Signature]

Ged Kearney
President
Introduction

Union Aid Abroad – APHEDA is the overseas aid agency of the Australian Council of Trade Unions (ACTU). We are supported by the ACTU, unions, individual union members, workplaces, AusAID, State governments and the Australian public.

Our international programs are guided by the principles of Decent Work, in which all individuals have the right to productive work for a fair income; security in the workplace and social protection for families; prospects for personal development and social integration; freedom to express their concerns, organise and participate in the decisions that affect their lives; and equality of opportunity and treatment.

Since 1984, Union Aid Abroad - APHEDA has contributed directly to countries in Southeast Asia, the Pacific, the Middle East, Southern Africa and the Caribbean where men and women workers are disadvantaged through poverty, lack of workplaces, denial of labour rights and human rights, and war and civil conflict. Our programs build self-reliance through support to educational and training projects for workers and their organisations.

Union Aid Abroad - APHEDA has worked in Timor-Leste since 1999. In cooperation with our local NGO partners, we have provided humanitarian relief, supported the trade union movement, advocated for the inclusion of Decent Work principles into the Labour Code, provided vocational and skills training, supported the establishment of business cooperatives, and provided literacy training in rural communities.

Union Aid Abroad - APHEDA appreciates the opportunity to engage with the Joint Standing Committee on Foreign Affairs, Defence and Trade in its inquiry into Australia’s relationship with Timor-Leste. Our submission is in relation to the aid relationship between Australia and Timor-Leste, and discusses the global relevance of the Decent Work Agenda, the Timorese labour environment as a context for social and economic development policies and programs, the impact of APHEDA’s Decent Work-based programs in Timor-Leste, and lastly our recommendations for ways in which Australia’s engagement can incorporate Decent Work principles and promote genuine, sustainable economic and social development in Timor-Leste.

The Decent Work Agenda and Millennium Development Goals

The foundation of the Decent Work Agenda (DWA) is the belief that the world of work holds the key to solid, progressive and long-lasting eradication of poverty. It is through work that wealth is created, distributed and accumulated, and it is the means by which people can find a dignified way out of poverty and expand their choices to a better quality of life.

The DWA places employment at the heart of economic and social policies. Consistent with the Millennium Development Goals (MDGs), the DWA seeks, through the creation of productive
employment, to better the lives of people who are either unemployed or whose remuneration from work is inadequate to allow them and their families to escape from poverty.

With only a few years left until the 2015 deadline to achieve the MDGs, enhanced commitment, policies, resources and efforts are needed if the goals are to be met. The MDGs are indivisible and complementary and focus toward their achievements should not shift from one to the other. The Decent Work Agenda offers an integrated approach which can contribute to accelerating progress towards the achievement of all the MDGs.

**MDG Goal 1: Eradicate extreme hunger and poverty**

**Targets:**
1. Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day
2. Achieve full and productive employment and decent work for all, including women and young people
3. Halve, between 1990 and 2015, the proportion of people who suffer from hunger

The four pillars of the DWA are employment, rights, protection and social dialogue.

**Employment**

Poverty elimination is impossible unless the economy generates opportunities for investment, entrepreneurship, job creation and sustainable livelihoods. The principal route out of poverty is work. Persistent poverty, increasing income inequality and slow job growth — further exacerbated by financial and economic crises and climate change — are critical constraints on economic and social progress. Promoting inclusive job-rich growth is a central challenge for all countries today. Even among those who work, the extent of poverty underscores the need for a far greater number of productive and decent jobs.

**Rights**

People in poverty need voice to obtain recognition of rights and demand respect. They need representation and participation. They also need good laws that are enforced and work for, not against, their interests. Without rights and empowerment, the poor will not get out of poverty.

Normative action, through the creation and implementation of international labour standards, is an indispensable tool to make decent work a reality.

**Core International Labour Organisation Conventions on labour rights**

- Freedom of Association and Protection of the Right to Organise Convention, 1948
- Right to Organise and Collective Bargaining Convention, 1949
- Forced Labour Convention, 1930
- Abolition of Forced Labour Convention, 1957
- Minimum Age Convention, 1973
- Worst Forms of Child Labour Convention, 1999
- Equal Remuneration Convention, 1951
- Discrimination (Employment and Occupation) Convention, 1958

**Protection**

Access to adequate social protection is recognized by international labour standards and the UN as a basic right. It is also widely considered to be instrumental in promoting human welfare and social
consensus on a broad scale, and to be conducive to and indispensable for fair growth, social stability and economic performance, contributing to competitiveness. Poor people are unprotected people. The earning power of those living in poverty is suppressed by marginalisation and lack of support systems. Women’s capacity to renegotiate the distribution of unpaid work caring for family needs is crucial. Support for people unable to work because of age, illness or disability is essential.

Dialogue
Social dialogue plays a critical role in achieving the DWA’s objective of advancing opportunities for women and men to obtain decent and productive work in conditions of freedom, equality, security and human dignity. Social dialogue includes all types of negotiation, consultation and exchange of information between, or among, representatives of governments, employers and workers on issues of common interest.

Successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability and boost economic progress.

The Decent Work dividend
Decent work strategies will result in more balanced and sustainable growth for countries and better lives for all people. If pursued, they will yield a real dividend for the poor:
- better lives and livelihoods for families;
- more stable income and productive employment;
- fundamental rights in the world of work;
- fair rules for the economy
- voice through organisation, mobilisation and empowerment;
- more stability and peace in local communities;
- basic rights and social protection for those working in the informal economy and bridges towards the formal economy;
- social institutions where voices of the poor are heard and develop out of ownership and participation through dialogue;
- increased wage and self-employment through access to financial services, skills development and training;
- policies to take children out of child labour and into school and to end forced labour;
- an end to discrimination against the poor, especially girls and women, who are most vulnerable and least protected;
- healthier and safer workplaces and homes; and
- more opportunities to develop initiative, creativity and entrepreneurship.

Implementation of the DWA in developing countries calls for the following methods to be taken in partnership with national government institutions, employers, workers, and civil society:

- Skills development for sustainable livelihoods
- Investing in jobs and the community
- Promoting entrepreneurship which generates fair employment and income
- Providing the poor with access to financial services and credit
- Building local development through cooperatives
- Overcoming discrimination
- Working to end child labour
• Ensuring incomes and basic social security
• Prevention of occupational accidents and diseases

Timor-Leste: The Labour Environment

Timor-Leste is the most oil-dependent country in the world, with oil revenues providing more than 95% of government expenditures. Revenues from natural resources are currently more than four times larger than Timor-Leste’s entire non-oil economy. Unfortunately, Timor-Leste’s natural resources will be exhausted within 40 years, and growth of the non-oil economy has been set-back repeatedly by violence and political crises. The current non-oil economy is typical of a low-income, rural sector-based developing country, with a small labour force that is predominantly engaged in subsistence agriculture. 41% of the population lives on less than USD1 a day, a figure well short of the 14% required by the Millennium Development Goals. Despite progress on other indicators, particularly health, the number of Timorese living in poverty has actually increased from 36% in 2001 as a result of violence in 2006 and 2008, food insecurity, and demographic pressures. As a post-conflict country with one of the highest birth rates in the world, Timor-Leste faces particularly acute demographic pressures: 40% of the population is below 15 years of age. An estimated 15,000 job-seekers enter the labour market each year, and graduates are often not adequately qualified for the few jobs that are available. In the year 2023, more than 34,000 young Timorese will be looking for work.

Despite a number of job-creation projects such as the government’s cash-for-work program and the AusAID-funded Youth Employment Program (YEP), there remains a pressing shortage of jobs of all kinds in Timor-Leste. 73% of private sector jobs are located in Dili, despite the majority of the population living in rural areas or regional centres. The largest number of non-agricultural jobs are in construction, followed by other goods and services (primarily retail positions in shops). The withdrawal of international forces in December 2012 will cause a further contraction in the number of available jobs, especially the hospitality sector.

Combating unemployment, especially for the nation’s young people, is a major challenge and a priority for economic development and social stability.

Gender
Timorese women who wish to work continue to face substantial challenges. Although the 2012 Labour Law is progressive on gender and stipulates equal-opportunity hiring practices, pay equality, harrassment-free workplaces, 12 weeks paid maternity leave and support for breastfeeding, there is no practical implementation of these regulations and no government enforcement. Timorese women continue to receive lower pay, experience sexual harrassment, and face pressure to resign

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1 Lao Hamutuk, ‘Timor-Leste Must Win Independence from Petroleum’, 2011
when pregnant. Women hold a mere 24% of private-sector jobs in Dili, predominantly in the contracting hospitality sector, and participate in the labour force at a rate half that of men. They are more likely to lack job security and to be employed informally in professions such as domestic work.6

**Labour Rights**

Timor-Leste has ratified four international labour conventions (Forced Labour, Freedom of Association, Right to Organise, and Worst Forms of Child Labour), and in 2012 passed a progressive Labour Law mandating a national minimum wage and many other requirements of the Decent Work Agenda, including the right to union membership, a safe workplace, an eight-hour workday, prohibition of unfair termination, equality of opportunity, and parental leave. However, implementation and enforcement of international labour standards in Timorese workplaces is weak, and institutions such as the police (PNTL) and courts have shown a poor understanding and support of labour rights issues. Timorese continue to risk death and disability due to unsafe workplaces, to be dismissed for union membership or collective bargaining, and to receive salaries below the national minimum wage. In addition, the many Timorese employed informally are not covered by the Labour Law’s provisions, including the minimum wage, and subsequently lack recourse to legal mechanisms to contest discrimination, unfair dismissal and withheld compensation.

Timor-Leste has an emerging trade union movement, consisting of a trade union confederation, the Konfederasion Sindikatu Timor Leste (KSTL) and seven sectoral unions. These are for workers in the public sector, for teachers, for nurses, for maritime, transport & energy, for construction workers, agricultural workers and a general union for workers in hospitality, retail and security guards. The unions have vigorously advocated for adoption of Decent Work principles by the government and employers, with some notable successes. However, while these unions are working towards self-sufficiency, some are still decreasingly dependent upon foreign financial support for their activities.

**Impact of Union Aid Abroad - APHEDA’s Programs in Timor-Leste**

With assistance from Australian trade unions, and working with our local NGO partners in Timor-Leste, Union Aid Abroad - APHEDA’s Decent Work-based programs have targeted the following areas:

- Skills development for sustainable livelihoods
- Investing in jobs and the community
- Promoting entrepreneurship
- Building local development through cooperatives
- Overcoming discrimination
- Ensuring incomes and basic social security
- Prevention of occupational accidents and diseases

In our last five years of work in Timor-Leste, our local partners have provided vocational training in trades such as carpentry, automotive repair, welding and furniture-making to more than 240 people, the majority of whom were unemployed young men. In line with our commitment to invest in communities as well as individuals, we combine vocational training with support for the establishment of community-run businesses and business cooperatives. As a result of our assistance, a number of self-sustaining trades cooperatives have been successfully established in urban and

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rural locations in Dili, Baucau and Suai districts. Given Timor-Leste’s lack of social welfare services, our development assistance targeting individuals as well as their communities has played an important role in reducing poverty by providing individuals with sustainable sources of income; promoting social cohesion; and developing sustainable models of skills transmission within communities. We estimate that for every individual who receives a training course from a Union Aid Abroad - APHEDA local partner, up to 12 others benefit indirectly.

Our partners have also provided non-trades skills training such as computer literacy, food preparation, animal husbandry, handicrafts and agriculture, to more than 2,000 urban and rural Timorese via a community learning centre program. One of our other partners has run a successful multi-year program of literacy, numeracy and social education training in 10 isolated rural communities across the country, targeting older women and adults who never received a primary education. Another partner has provided over 120 women domestic workers with rights-awareness training and upskilling.

Since 2000 we have provided financial and technical assistance to the trade union movement in Timor-Leste via the Timor-Leste Trade Union Confederation (KSTL). KSTL successfully advocated for inclusion of Decent Work principles into the 2012 Labour Law, and for the law to be adopted by Parliament. It currently helps the seven individual affiliated unions to organise workers, negotiate collective agreements, provides advocacy on labour rights issues, mediate disputes, and delivers Occupational Health and Safety training to workplaces throughout the country.

In addition to the work we are presently doing in Timor-Leste, by 2014 Union Aid Abroad - APHEDA aims to provide the following additional forms of assistance to the Timorese people in cooperation with our local NGO partners:

- Occupational health and safety training, including asbestos disease prevention and HIV awareness for workers
- Education through community radio on topics such as workplace rights, domestic violence, climate change, health, including nutrition, sanitation and immunisation, and better food production through improved agriculture techniques
- Incorporation of work experience and general business skills into vocational training programs
- Environmental programs to address deforestation, erosion and fertility losses; education on climate variability and long term climate change; provision of information about high yielding crops, seed saving and crop rotation techniques

Recommendations

In order to meet Timor-Leste’s own target of becoming an upper-middle-income country by 2030, Australia’s development assistance must target the most urgent challenge facing sustainable economic growth and social development: a chronic shortage of jobs in the underdeveloped non-oil economy, and widespread unemployment. The fact that the vast majority of non-agricultural jobs are located in Dili worsens rural-urban migration and places further stresses on the capital’s resources. The nation’s youth are particularly affected by the lack of jobs, with more than 15,000 poorly-qualified job-seekers competing for a few hundred positions each year. And despite a wide
We recommend that the Australian government:

- Via AusAID, supports job-creation and vocational training programs in Timor-Leste
- Prioritises assistance to Timor-Leste’s young people, in the form of skills training, further education and assistance finding jobs
- Via DFAT and appropriate multilateral forums, and in partnership with the UN and other international bodies, encourages the Timorese government to implement and enforce labour rights as per the international labour conventions and the 2012 Labour Law
- Encourages the Timorese government to develop a program of ‘socialisation’ (normalisation) of international labour standards, including within the judiciary
- Supports the work of the trade union movement in Timor-Leste in their advocacy for labour rights
- Integrates the principles of Decent Work into regional economic, development and migrant worker policies
- Promotes entrepreneurship through the provision of business management training, access to credit, assistance in identifying potential markets, and support to business cooperatives
Appendix: History of Union Aid Abroad - APHEDA’s work in Timor-Leste

1. August 1999 - Pre-Ballot
   - Worked with the Mary MacKillop Institute of East Timorese Studies, assisting their Motael Clinic and Tetum literacy programs

2. September 1999 to 2002 - Emergency Phase
   - Sept. 1999 - Sent food relief through the East Timor Mercy Ship from Darwin, organised by Timor Aid and the Australian Foundation for the Peoples of the Asia and Pacific (AFAP)
   - The NSW Nurses Association collected medical relief valued at over $450,000
   - Rebuilt the former Golkar building and turned it into a vocational training centre, with assistance from the Australian Construction, Forestry, Mining and Energy Union (CFMEU) and 14 construction companies
   - Dec. 1999 - Sent two University of Sydney nurse trainers with expertise in training indigenous nurses to Timor-Leste to undertake a needs analysis for health worker training
   - Jan. 2000 - Organised a workshop in Australia for Timorese doctors and University of Sydney health economists and health administrators, to help the Timorese doctors plan future health structures for Timor-Leste
   - Working with Australian Nursing Unions, helped the Nurses Training College in Timor-Leste restock their library and teaching equipment
   - Worked with USAID to turn the National University of Timor-Leste (UNTL) gymnasium into a university library, including by replacing the roof (twice), and providing books, shelving and other necessities
   - Negotiated with the World Bank and UN regarding the safe removal of asbestos, and sent a training team to Dili to teach workers how to handle asbestos
   - Helped re-establish Radio Falintil (Radio Voz de Esperanza) as a community radio station, using equipment donated by Australian community radio stations

3. 2003 to 2013 - Development Projects

3.1 Vocational Training Centre

The Klua Buka Hatene (“Place of Learning”, KBH) Vocational Training Centre was opened in November 2001 with three offices for partners, four training rooms and a large attached shed for carpentry and mechanical training.

The training centre was built with Australian trade union and building industry donations. It is managed by three Union Aid Abroad – APHEDA local NGO partners, the Labour Advocacy Institute for East Timor (LAIFET), the Grupo Feto Foinsae Timor-Leste (GFFTL) and the Sa’he Institute for Liberation (now known as the Institute for Popular Education, IEP).
Union Aid Abroad – APHEDA has provided training in the design, management, conduct, monitoring, evaluating and reporting of vocational and income-generating skills training programs. We also provide the resources for the implementation of these programs.

In just the first three years of KBH’s operations (2002-2005), a total of 3,554 people were trained in 16 vocational areas such as carpentry, blacksmithing to make farming tools and ploughs, sewing and tailoring, small business management, expressional arts for community education, literacy and numeracy, organic fertiliser production, vegetable growing, and marketing and land care. 65% of those trained were women.

Using KBH as the base to train-the-trainers, this vocational work has continued until the present day with the addition of new courses such as motorbike repair, handicraft production, and food production and preservation.

One example of KBH’s vocational training program was the establishment of 11 carpentry cooperatives. Through training provided by LAIFET and visiting Australian TAFE teachers and volunteer carpenters, these carpentry groups have been able to develop their skills and purchase equipment. This has enabled them to win government contracts (making school desks; building housing for government employees in remote areas) as well as work building shops and residences for local businesses and families.

3.2 **Literacy Training**

In January 2001, Grupo Feto Foinsae Timor-Lorosae (GFFTL), a women’s organisation based at the National University of Timor-Leste, approached Union Aid Abroad – APHEDA to assist with literacy training for older rural women. During the Portuguese colonial period, very few girls received an education, and generally only those from the urban middle class. Most rural girls, especially those from poorer backgrounds, received minimal or no education. As a result, a very high proportion of rural women over 40 years of age were illiterate.

Union Aid Abroad – APHEDA initially assisted GFFTL by sending a number of trainers from Victoria AMES to teach GFFTL’s staff how to teach literacy, and to help them develop appropriate lesson plans for older rural women.

Union Aid Abroad – APHEDA provides the resources for GFFTL staff to travel to, and stay in, remote areas of the country to teach literacy. Almost every year since 2001, Union Aid Abroad – APHEDA has also sent ESL teachers from NSW TAFE to Dili to upgrade the skills of the GFFTL trainers.

3.3 **Community Radio**

In addition to assisting the former Falintil Radio, Union Aid Abroad – APHEDA helped develop two other community radio stations: Radio Rakambia and Radio Loro Lian. The former has staff drawn from a community-based organisation, the latter from university students. Union Aid Abroad – APHEDA sent the radio stations’ staff on training courses in Indonesia and Australia, and also arranged for Australian community radio experts to visit Timor-Leste. We provided equipment, and helped the stations develop a mobile radio station that allowed staff to report from remote districts and provide a voice to people living outside Dili.
Union Aid Abroad – APHEDA also provided management and capacity skills training to the Timor-Leste Association of Community Radio Stations (ARKTL), which represents the more than 30 community radio stations in Timor Leste.

It is Union Aid Abroad – APHEDA’s philosophy to support community radio as a means of providing information to, and a voice for, the disadvantaged people who have access to neither newspapers nor TV. We believe that radio is also a tool for providing valuable information on key social issues such as nutrition, sanitation, immunisation, organic agriculture, and domestic violence.

3.4 **Other Media**

Union Aid Abroad – APHEDA has also assisted the printed media in Timor-Leste, firstly through the newspaper Tempo Semanal and then more recently with the cooperatively-owned newspaper Jurnal Independente. This assistance has been provided through our relationship with Fairfax media, and is based on the belief that a free and independent media is essential for a free and independent democracy.

3.5 **Expressional Arts Training**

Union Aid Abroad – APHEDA established and trained an expressional arts group drawing from Dili’s large pool of conscientised and highly committed, but unemployed, young people. These youth develop plays around social messages such as domestic violence, sanitation, family health or workers’ rights, and perform them in rural districts around the country.

3.6 **Agriculture and the Environment**

In 2003, in response to the costs of chemical agricultural inputs (including fertiliser and pesticides) having risen out of reach for most small and subsistence farmers, Union Aid Abroad – APHEDA began a program with farmers’ groups teaching organic farming techniques such as the production and use of organic compost as fertiliser, crop rotation, and intercropping for pest control.

Union Aid Abroad – APHEDA has also assisted environmental projects such as community production of fuel-efficient stoves, reforestation, the rehabilitation of mangrove swamps, and a project that uses cultivated bamboo in housing and handcrafted furniture.

3.7 **University Library**

Much of the National University of Timor-Leste (UNTL) was destroyed in late 1999. Union Aid Abroad – APHEDA worked with USAID to turn the destroyed gymnasium into a fully-functioning university library. The building was re-roofed, fitted with shelving provided by the ANU, provided with equipment such as photocopiers and printers, and stocked with textbooks donated by a variety of Australian universities and colleges. The books were catalogued under the Dewey system, a computerised lending system installed, and volunteer librarians sent to teach UNTL library staff how to operate it. A computer room was also provided to enable students to access the internet.

3.8 **Development of the Trade Unions**

Union Aid Abroad – APHEDA continues to assist the development of a union movement in Timor-Leste. This is in line with our philosophy that the principles of Decent Work must underpin all
development, and that when working people are paid a just wage and have safe workplaces they are able to provide for themselves and their families with dignity, and without dependence on foreign sponsorship.

In 2000, Union Aid Abroad – APHEDA provided assistance to a small group of worker-activists to meet and workshop the possibility of a genuine union movement in Timor-Leste. The Konfederasiun Sindikatu Timor-Leste (KSTL) trade union federation arose from that series of meetings. Today there are seven vibrant and growing unions for the public sector, teachers, nurses, construction workers, maritime and transport workers, agricultural workers, and workers in the security, retail, hotel, restaurant and banking industries (as part of the general workers’ union).

3.9 Working Women’s Centre Timor-Leste

The Working Women’s Centre Timor-Leste (WWCTL) provides education, rights-awareness training, advice and advocacy for Timorese working women and women who wish to work. Many of its activities are in support of women domestic workers, who are not covered under the minimum wage provisions in Timor-Leste’s Labour Law. Since 2011, Union Aid Abroad – APHEDA has partnered with the WWCTL to support its programs in Dili, Ermera, Baucau, Lautem, and Oecusse Districts.