

CHAPTER 2

ECONOMIC AND SOCIAL DEVELOPMENT

The East Timor economy¹

2.1 The Indonesian withdrawal from East Timor in September 1999, accompanied by a campaign of violence, killings, massive looting and destruction of property and infrastructure, forced transportation of large numbers of people to West Timor and the flight of most of the rest of the population from their homes, left the East Timor economy in ruin. This section, therefore, largely describes the economy as it was prior to the Indonesian withdrawal, the remains of which must serve as the foundations for the economy of an independent East Timor.

2.2 DFAT submitted that East Timor has always been principally a subsistence economy. Much economic activity occurred through barter, which was not captured in GDP figures. Economic statistics for East Timor were scarce and unreliable, as was detailed information about economic activity. DFAT stated that:

Preliminary figures from the Indonesian Government Bureau of Statistics (BPS) indicate that East Timor's 1998 GDP was Rp1405 billion (\$US148 million) using an average annual exchange rate of for 1998 of Rp9514/\$US. GDP per capita was approximately \$US168 in 1998.

Largely reflecting conditions before the Indonesian economic crisis, East Timor's GDP (at current market prices) in 1997 was Rp996 billion (\$US343 million). East Timor's GDP accounts for a tiny 0.15% of Indonesia's national GDP.

According to the BPS, per capita GDP was Rp1.1 million (\$US379) compared with a national GDP per capita of Rp3.1 million (\$US1,068). According to the World Bank's *World Development Report (1997)*, only five African countries have a lower GDP per capita than East Timor's post-crisis \$US168 per capita. Pre-crisis figures would still place East Timor amongst the lowest 30 countries in the world.

In spite of the economic crisis, the Government reported positive GDP growth for East Timor in 1997 and 1998 (4% and 0.6% respectively). Indonesian Government statistics indicate that between 1987 and 1997, economic growth averaged 10%, compared to the national figure of 6.8%.²

1 This section, unless otherwise indicated, is drawn from the Department of Foreign Affairs and Trade and AusAID submission, no. 52, pp. 25-31. A similar presentation on the economy of East Timor was made by João Mariano Saldanha, Executive Director, and Helder da Costa, Director, Economy and Technology, East Timor Study Group, submission no. 70.

2 DFAT, submission no. 52, p. 25.

2.3 According to BPS, East Timor's GDP in 1997 was dominated by five production categories, as follows:

Agriculture	Rp335 billion	33.6 per cent
Public administration and defence	Rp198 billion	19.8 per cent
Construction	Rp180 billion	18.0 per cent
Wholesale/retail trade	Rp77 billion	7.8 per cent
Road transport	Rp72 billion	7.2 per cent

2.4 There was little government investment in agriculture and most farming was small-scale/subsistence. Other major sectors, particularly administration and defence, were dominated by government budget outlays, with roughly 50 per cent of the GDP being derived from government expenditure.

Budgetary assistance from Jakarta

2.5 Inadequate Indonesian Government statistics made it very difficult to establish the exact level of budgetary assistance East Timor received from Jakarta. According to then Foreign Minister Alatas, East Timor received \$US50-100 million per annum in budget allocations and the province only generated seven per cent of its own budget revenues. About a third of Government budget documents for 1999-2000 gave a breakdown by province and, from these, it was possible to verify approximately \$US59.8 million (Rp449 billion) in revenues for East Timor. Using a combination of that figure and best estimates for the remaining part of the budget, East Timor's allocation from the national budget was probably about \$US122 million (Rp917.5 billion). Establishing the actual, as opposed to budgeted, disbursement of funds to East Timor was even more difficult, although probably it was significantly less.³

2.6 The provincial government's budget, which did not have a direct correlation with line items of the national budget, indicated that the vast majority of East Timor's funding was centrally sourced. Local income accounted for only 8.6 per cent of the provincial budget.

2.7 In a newspaper article dated 25 February 1999, Mr Horacio Cesar, a spokesman for Portuguese Foreign Minister Jaime Gama, was quoted as saying that:

Mr Gama had been surprised to see that the current budget was 'approximately that of a largish Portuguese municipality'.

3 DFAT, submission no. 52, p. 26.

After all the publicity about how much Indonesia was investing in building roads, hospitals and infrastructures in East Timor, we were surprised to see how small the budget was.⁴

International aid

2.8 No figures were available on total foreign aid or NGO spending on East Timor. Australia was the largest bilateral aid donor to East Timor, with an aid budget of approximately \$7 million for 1998-99.

Investment

2.9 Private investment spending in East Timor since integration had been negligible: less than one per cent of total national domestic investment approvals and only around 0.02 per cent of total foreign investment approvals over that period. The actual investment level would have been substantially lower as, nationally, only an average of 30 per cent of approvals were implemented. One Indonesian Government report cited total realised investment in East Timor in the last 23 years had been no more than \$US102.2 million.⁵

2.10 The Indonesian Chamber of Commerce and Industry (Kadin) tried unsuccessfully to stimulate investor interest in East Timor, especially in mining. Credit expansion remained very low and was concentrated in small-scale (less than 10 workers) trading ventures and construction.

Employment

2.11 It was difficult to estimate unemployment or underemployment rates in East Timor. Indonesian Government statistics indicated an 'open' or visible unemployment rate of 3.5 per cent, though underemployment was likely to be much higher, and a labour force participation rate in 1997 of 61 per cent.⁶

2.12 Professor Hugo noted the relatively low levels of unemployment indicated by the statistics, and explained that unemployment in East Timor—as throughout Indonesia—was not really an indicator of poverty, 'because in Indonesia to be unemployed you have to be wealthy, because if you are not employed you have to undertake any sort of work, regardless of how low it is in productivity, how low it is in status, how many hours you have to put in'.⁷

2.13 DFAT submitted that:

4 Jill Joliffe and Louise Williams, 'Old colonist Portugal throws financial lifeline to E Timor', *Sydney Morning Herald*, <http://www.smh.com.au/news/9902/25/text/pageone12.html> (18 June 1999)

5 DFAT, submission no. 52, p. 26.

6 DFAT, submission no. 52, p. 27.

7 Professor Hugo, *Committee Hansard*, 19 July 1999, p. 62.

Despite the low numbers of educated youth, unemployment amongst this group was an increasing problem due to limited employment opportunities. A 1992 survey of 15-29 year olds in East Timor concluded there was over 11% unemployment in this age group province wide, reaching 29% in Dili. According to Indonesian Government statistics, in 1996 76% of the 362,000 workers in East Timor were employed in the agricultural sector. Employment in services, including government, trade, hotels and restaurants accounted for a further 20%. Construction was the next largest sector of employment and manufacturing and mining accounted for less than 4%.⁸

2.14 The indigenous workforce in East Timor is largely unskilled, a factor which, with the departure of large numbers of skilled non-East Timorese professionals, such as teachers, pose enormous human resource problems, with negative effects on all areas of future development, including education, the economy and government administration.

Agriculture

2.15 Land use rates in East Timor were low, with agriculture limited by steep and rocky terrain, poor soil fertility and low rainfall through much of the province. Farming was also disrupted by ongoing security problems. Despite significant improvements over the previous decade, East Timor's rice yield was the lowest in Indonesia and crop yields for all other crops (maize, cassava, sweet potato, soybean and peanuts) were amongst the lowest in Indonesia.

2.16 Rural communities in East Timor were almost entirely subsistence oriented; 1980 figures indicate that 94 per cent of households outside the Dili district (and 87 per cent province wide) sourced their food from 'own production'.

Food security

2.17 East Timor, like the neighbouring province, Nusa Tenggara Timur, was a food deficit region. Food shortages were seasonal and the Indonesian Government's State Logistics Agency, Bulog, distributed rice in East Timor under its special market operations, as it did throughout Indonesia. In 1998, Bulog reportedly distributed 50,000 tonnes of rice.

2.18 Nevertheless, East Timor regularly experienced periods of food shortage. The poor security situation and lack of infrastructure meant that links between production areas and markets were easily disrupted, making Dili, in particular, susceptible to food shortages and high prices.

2.19 An AusAID fact-finding mission to East Timor in March 1999 found that while food supplies in East Timor were at that time adequate, ongoing localised shortages continued to occur as the result of distribution difficulties.

8 DFAT, submission no. 52, p. 27.

Coffee

2.20 Although the coffee industry declined significantly with the departure of the Portuguese, production of high grade organic arabica coffee (which attracted a premium of 40 per cent over international prices) was still East Timor's most successful cash crop. It was the major income source for between one-fifth and one-third of the population, with coffee production in 1999 estimated to reach 13,000 tons and earnings to reach around \$US12 million. Coffee was exported to the United States, Australia, New Zealand, Italy and the Netherlands. Coffee yields were relatively low and the industry significantly underdeveloped, hamstrung by a shortage of plantation workers and the effects of low prices commanded by the coffee monopoly PT Denok during much of the 1980s and 1990s. Industry experts thought there was a significant potential to expand the industry. It was estimated that with rehabilitation of existing plantations and the conversion of another 40,000 hectares to plantation (currently 55,000 hectares), production could triple within a decade and yield up to \$US50 million per annum in profits.

2.21 East Timor's coffee industry, its only source of foreign exchange, was seen by UNTAET as the key to rebuilding the devastated economy.⁹ The territory's coffee was produced almost entirely by some 17,500 small holder farmers.¹⁰ It was the territory's largest commercial industry. The 1999 coffee harvest largely survived intact, although about 600 tonnes worth about \$A1.8 million was looted from warehouses in Dili. Most of the harvest was stored and could be removed from storage and processed, although only by 'dry' processing, as the equipment for the more profitable 'wet' processing was destroyed. The industry is expected to recover quickly.

2.22 USAID had provided assistance to the coffee industry by establishing, in 1994, the non-profit National Co-operative Business Association (NCVA) to buy and process the coffee.¹¹ The estimated harvest for the year 2000 was 8,000 tonnes, worth around \$A30 million. The Norwegian Government made a grant for road works to enable the crop to be taken from the prime growing area around Ermera to Dili.¹² At the insistence of the IMF, from 14 March 2000, an export tax of five per cent was imposed on coffee as part of the initiation of a tax and financial system for the country.¹³ The impost was opposed by the World Bank and most of the National Consultative Council, on the ground that it was regressive and an added obstacle in the process of rebuilding East Timor's rural economy.¹⁴

9 Shawn Donnan, 'Coffee is the key', *The Financial Times*, 5 April 2000.

10 Wilson da Silva, 'Timor Ire at Coffee Tax', *Australian Financial Review*, 29 February 2000.

11 Mr Dawson, *Committee Hansard*, 6 December 1999, p. 997.

12 Mark Dodd, 'Fine coffee offers sweet smell of trading success', *The Sydney Morning Herald*, 28 February 2000.

13 UNTAET press briefing, 'UN establishes East Timor's first tax system', 14 March 2000; Eduardo Lachica, 'East Timor creates a financial system', *The Wall Street Journal*, 16 March 2000.

14 Wilson da Silva, 'Timor Ire at Coffee Tax', *Australian Financial Review*, 29 February 2000; Shawn Donnan, 'Coffee is the key', *The Financial Times*, 5 April 2000.

Livestock

2.23 Historically, livestock had been an important source of rural wealth in East Timor. Livestock holdings, particularly of cattle and pigs, fell substantially after 1975 and had never fully recovered.

Fisheries

2.24 Small-scale fishing was not widespread amongst the East Timorese, who were not traditional seafarers, with an estimated 400-700 tons produced per annum. According to Indonesian Government estimates, East Timor had the potential to produce 630,000 tons of fish and marine produce from 102,000 square kilometres of coastal and EEZ waters. However, large-scale fishing would need additional port infrastructure.

Other commercial crops

2.25 There were small-scale areca nut, candlenut and kapok plantations in East Timor. Rubber had been grown in small quantities in the past. Other possible commercial cropping opportunities included coconuts, vanilla, cashew nuts, cloves, abaca palm, pineapple and aquaculture.

Mining and energy

2.26 Mining has been restricted to sand and stone quarrying for the construction industry and accounted for only one per cent of East Timor's GDP. However, past geological surveys have indicated promising deposits of manganese, marble, copper, gold, silver, iron, oil, natural gas and coal. Marble quarrying was also a possibility.

Timor Gap oil

2.27 This topic is dealt with in Chapter 4.

Manufacturing

2.28 The manufacturing sector in East Timor accounted for just three per cent of GDP in 1997, mainly concentrated in very small scale handicraft production (weaving), food processing (coffee, salt and bakeries) and the construction industry (bricks, tiles). The best prospects for expansion were in resource-based processing activities, especially focused on estate crops, such as coffee and coconuts.

Infrastructure and construction

2.29 DFAT submitted that:

The Indonesian Government has invested considerable effort in developing infrastructure in East Timor—including irrigation, roads, bridges, water supply systems, schools, housing improvements and waste/garbage disposal.

The Indonesian Government has spent approximately \$A18.8 million since integration on public works.¹⁵

2.30 Additional information provided by DFAT showed that the amount of \$18.8 million was up to 1992. Nevertheless, this was a paltry sum spent on infrastructure over a period of 17 years.

2.31 According to DFAT, East Timor had some 2,700km of asphalted roads. There was a sealed coastal road, which circled most of the province and sealed roads linking Dili with all the district centres. The roads, including those into West Timor, were capable of taking heavy vehicles. However, many of the roads were of poor quality and were regularly washed away in the wet season.

2.32 East Timor had six airports; the Dili (Comoro) airport was usable by C130 and passenger aircraft as well as helicopters but was limited by its pavement, which was rated unsuitable for high-pressure type aircraft. There were three very small ports; Dili, Com and Hera. Dili port could not accommodate ships over 100 metres in length, eight metres in draft and over 5,000 dead weight tonnes; it had a berthing limit of 180 metres, which would make it difficult to berth even two ships at once. Improvements to shipping services in East Timor had been difficult because of the limited infrastructure and lack of profitability of small trading volumes.

2.33 The 1990 population census showed that only 16 per cent of households in East Timor had electricity. An AusAID report noted that in 1997, 80 per cent of urban households and 20 per cent of rural households had electricity. Outside of Dili, electricity was generated by diesel generators using fuel heavily subsidised by the Indonesian Government, as elsewhere in Indonesia. Prior to September 1999, there were 60 power stations in East Timor: by August 2000, 30 were back in operation after the destruction that accompanied the Indonesian withdrawal.¹⁶

Services

2.34 There was not a significant indigenous mercantile class in East Timor and some 75 per cent of the formal economy was controlled by non-indigenous residents, including ethnic Chinese, Bugis and Makassans. Historically, traders had been non-indigenous migrants and most services (shops, banks, utilities, transport) were staffed by non-East Timorese.

Financial services

2.35 Although there were several banks, both national and local, the banking sector was dominated by the government-owned Regional Development Bank. Financial services were almost completely controlled by non-East Timorese. The Portuguese

15 DFAT, submission no. 52, p. 29.

16 UNTAET Daily Briefing, 14 August 2000.

Banco Nacional Ultramarino was the first bank to re-open in East Timor after the Indonesian withdrawal when it opened in Dili on 29 November 1999.¹⁷

2.36 The United States dollar was established by UNTAET as the official currency for East Timor on 24 January 2000. Following a decision at a special session of the National Consultative Council, East Timor's Central Payments Office, the forerunner of a central bank, was established on the same date. The Indonesian rupiah was also recognised as currency for a transitional period.¹⁸

Transport services

2.37 Outside Dili, transport facilities were limited to local buses and minibuses. Merpati was the only carrier flying to East Timor and operated several flights per week between Jakarta and Dili via Bali and flights between Kupang and Dili. Bus and boat services to West Timor and elsewhere in the archipelago were also available.

2.38 On 25 January 2000, Air North Regional Pty Ltd began the first commercial airline service between Darwin and Dili, with eleven return flights a week.¹⁹ Qantas subsidiary Airlink began regular flights in May, and Merpati has resumed flights to Dili from Kupang and Bali.²⁰

Telecommunications

2.39 Basic telecommunications and postal services were available, including fax and Internet services. The East Timor Postal Service was re-opened on 28 April 2000.²¹

Media

2.40 East Timor had television and radio services, a daily newspaper *Suara Timor Timur*, and a weekly newspaper, the *Timor Post*. The office and printing plant of *Suara Timor Timur* were destroyed by the militias before the 30 August 1999 ballot, and no newspapers were published from then until 21 January 2000, when the first issue appeared of *Lalalok* (Mirror), a photocopied weekly newspaper published in Tetum.²² By August 2000, *Suara Timor Timur* had been revived as *Suara Timor Loro Sae*.²³

17 Ian Timberlake, 'Portuguese bank opens first operations in ruined East Timor', *Agence France-Presse*, 29 November 1999.

18 UNTAET Publication Information Office press briefing, 24 January 2000.

19 'Australian company starts Darwin-Dili commercial air service', *Dow Jones Newswires*, 19 January 2000.

20 'Qantas to fly to Timor four times a week', *AAP*, 14 April 2000; 'Qantas flies into East Timor', *Associated Press*, 4 May 2000.

21 *UNTAET Daily Briefing*, 1 May 2000; Mark Dodd, 'Post office's stamp of success', *The Sydney Morning Herald*, 4 May 2000.

22 Arnold Zeitlin, 'East Timor Press Struggles to Emerge', *The Freedom Forum Online*, 21 February 2000.

23 *UNTAET Daily Briefing*, 14 August 2000.

Retail

2.41 East Timor's retail sector was small and rudimentary and consisted mainly of small family-owned shops.

Tourism

2.42 Prior to 1975 there had been a small but successful tourism industry centred on a weekly flight from Darwin to Baucau. East Timor had some good beaches, and Portuguese-style villas in cooler mountain temperatures were also an attraction. Although an estimated several thousand visitors from Australia travelled to West Timor annually, most bypassed East Timor and went on to destinations elsewhere in Indonesia. The hotel industry had survived in East Timor during the Indonesian period by catering for travelling officials and NGO workers. Tourism is regarded as a potential source of income for East Timor. There has been speculation about the establishment of a casino to attract visitors.

Conclusion

2.43 Under Portuguese and then Indonesian rule, the East Timorese economy had little opportunity to develop its potential. In fact, coffee, the main cash crop, became less profitable under Indonesian rule than it had been under the Portuguese. Widespread illiteracy and poverty are still formidable barriers to economic development but, with international support, they can be overcome. Oil revenues will also in the longer term provide East Timor with regular income. It is inevitable that East Timor will be dependent for a long time on foreign aid. However, provided that security issues can be resolved and competing political factions can work together in the interests of the country, East Timor should ultimately realise its economic potential.

2.44 Although foreign investment will play an important role in East Timor's economic development, care will need to be taken to ensure that such investment is in the interests of the nation and its people. With the new nation struggling to find its feet after a long and painful birth, it is likely to be subject to commercial exploitation if government does not take steps to prevent it.

Land tenure

2.45 Dr Robert Mufet drew attention to the importance of giving priority in reconstruction to establishing who owned what land: 'You can very quickly regress back into a state of disarray when you have arguments about who owned what back through history'.²⁴ On 28 April 2000, Mr Vieira de Mello said the records of property and land ownership were badly damaged during the post-ballot violence in September 1999. 'Land acquisition is one of our nightmares. There are no records of who owns what and where.' Mr de Mello said UNTAET had sought the assistance of the Indonesian and Portuguese Governments to re-establish the records, and that an

24 Dr Mufet, *Committee Hansard*, 15 September 1999, p. 524.

Independent Land and Property Commission would be set up to address the problem: 'Without this, it's difficult to invite foreign investments. Once this is settled and the current security is maintained, we will invite businessmen from Malaysia and from the region to invest in East Timor.'²⁵

2.46 On 22 May 2000, Australian barrister and former Northern Territory Chief Magistrate Ian Gray accepted an offer to run UNTAET's Land and Property Commission, with the task of designing and implementing a system to resolve disputes and claims over land. His six-month term was effective from the beginning of June. Mr Gray, a former Commissioner on the Council for Aboriginal Reconciliation between 1995 and 1997, said his brief was to, 'achieve certainty in relation to land ownership, occupation and use' as soon as possible. 'This will necessarily involve wide and deep consultations with the East Timorese people as to the systems which have traditionally and customarily operated in both the country and the towns and what they want to operate from now on,' he said. 'Implicit in the job is that the sooner there is certainty over land, the sooner there will be economic stability and the opportunity for greater job creation.'²⁶

2.47 At the hearing on 18 November 1999, Mr Abel Guterres indicated that the claims to ownership over extensive real estate by former President Soeharto and his family would not be recognized by a government of independent East Timor.²⁷ CNRT policy on this issue had been announced in March 1999 in Dili by CNRT Vice President David Ximenes, who said that properties acquired illegally after Indonesia's 1975 invasion would be given back to the people of East Timor.²⁸ At the same time, Mr Xanana Gusmão made clear that land legitimately acquired by foreigners would be protected, a policy he reaffirmed in Jakarta on 1 May 2000.²⁹

Health

2.48 Professor Graeme Hugo drew attention to the official Indonesian statistics on mortality, which showed that the life expectancy at birth in East Timor was lower than elsewhere in Indonesia. The latest figures, for 1996, put life expectancy at birth in East Timor at 59 for males and 62 for females, in each case about five years lower than the Indonesian average. About 10 per cent of babies died in their first year, an indication of very low standards of living for the people in the area.³⁰

2.49 The level of fertility in East Timor, at 4.4 per woman in 1997, was substantially higher than the Indonesian national average. The comparable figure for Indonesia at that time was 2.7. The proportion of women using family planning was

25 'UNTAET wants to restore Timor land records', *Malaysian National News Agency*, 28 April 2000.

26 David Nason, 'Barrister to rule on who owns Timor's land', *The Australian*, 23 May 2000.

27 Mr Guterres, *Committee Hansard*, 18 November 1999, p. 936.

28 Lindsay Murdoch, 'Soeharto family to Timor lands', *The Age*, 30 March 1999.

29 'Gusmao Calls on Indonesians to Invest in East Timor', *Asia Pulse*, 1 May 2000.

30 Professor Hugo, *Committee Hansard*, 19 July 1999, p. 55.

lower in East Timor than in any other province of Indonesia. The high fertility was one of the major factors in the very rapid growth in population.³¹

2.50 All of the major indicators of poverty showed East Timor at or near the bottom of the list of Indonesian provinces. The percentage of the population that died before they reached the age of 40 was significantly higher in East Timor than in Indonesia as a whole. The illiteracy rates were by far the highest. The percentage with access to clean water was low but at about the Indonesian national average. There was more difficulty in getting access to medical facilities and there was a higher proportion of infants with low levels of nutrition. In the basic variables for which the Indonesian Government collected statistics, East Timor was at or near the bottom in every indicator. The only other comparable province was nearby West Nusa Tenggara.³²

2.51 AusAID told the Committee that the pattern of health problems in East Timor reflected its high poverty levels. The common diseases were respiratory infection, malaria, influenza, diarrhoea, tuberculosis and skin problems. Infant and maternal mortality rates were among the highest in Indonesia. While there were many health centres, their quality and location meant they were under-used. AusAID warned early in 1999 that without significant donor support, rural health services were likely to deteriorate with the departure of non-East Timorese health staff (particularly doctors) who predominated at district level and above.³³ The Mercy Hospital for Women said that the dominant causes of death during 1995 were infectious diseases: tuberculosis (15.7 per cent), malaria (11.8 per cent), diarrhoea (5.9 per cent), urinary and respiratory tract infection (5.9 per cent) and broncho-pneumonia (4.1 per cent).³⁴

Australian assistance

2.52 AusAID had not given much direct support for health in East Timor. Australia's main contribution in this field had been through water and sanitation projects. An AusAID-funded water supply and sanitation project significantly increased access to water and sanitation facilities in 150 villages. AusAID estimated that the percentage of the population with access to water and sanitation facilities in 1999 was 66 per cent and 55 per cent respectively.³⁵

2.53 The major health problems were mostly related to water and sanitation. In 1993, the Indonesian Government estimated that 53 per cent of the population in East Timor did not have access to safe water. Most districts (30.7 per cent) obtained their water from running springs. Access to clean water in rural areas was particularly bad, although the percentage of people with access to running water in the Dili district had

31 Professor Hugo, *Committee Hansard*, 19 July 1999, p. 56.

32 Professor Hugo, *Committee Hansard*, 19 July 1999, p. 60.

33 AusAid, submission no. 52, p. 17.

34 Mercy Hospital for Women, submission no. 65, p. 5.

35 Department of Foreign Affairs and Trade and AusAID, submission no. 52, p. 23.

also decreased in recent years. Although 45.8 per cent of the East Timorese population had access to private sanitation facilities, 43 per cent did not have adequate sanitation.³⁶

2.54 In 1999, AusAID was funding (\$A1.6 million) only one project—technical assistance in support of the Indonesian National Tuberculosis Program in East Timor and Flores Island from June 1998 to June 2001. Activities included training health workers, public information, community outreach and operational research in tuberculosis drug resistance.³⁷

National Tuberculosis Program in East Timor

2.55 On World Tuberculosis Day, 2 March 2000, UNTAET stated that tuberculosis was one of the major public health issues in East Timor. The World Health Organization estimated that between 10,000 and 15,000 people in East Timor were infected with tuberculosis. This estimate was calculated after the evacuation of East Timorese to Darwin in September 1999. At that time, it was established that three per cent of evacuees from different age groups carried the disease. The National Tuberculosis Program of East Timor resumed in February 2000 under co-ordination of the Interim Health Authority and combined an immunization program and a program of treatment of infectious cases. As at 24 March 2000, 557 patients had begun treatment in Dili, including 161 who were smear positive. In the other regions, there were fewer than 50 tuberculosis cases registered. According to the Program, it was expected that all the regions would have clinics or hospitals equipped to work on tuberculosis by the end of the year 2000.³⁸

Conclusion

2.56 Poverty, lack of clean water and sanitation, military oppression, inadequate health facilities and a lack of medicines and drugs all contributed to widespread health problems and a lower life expectancy for the East Timorese people. Health has always been a priority task for UNTAET. Although establishment and staffing of medical clinics and hospitals will help to treat health problems, fundamental improvements in health will not be achieved until the underlying socio-economic problems, which contribute significantly to poor health within the East Timorese community, are resolved.

36 Department of Foreign Affairs and Trade and AusAID, submission no. 52, p. 23.

37 AusAid, submission no. 52, p. 17.

38 UNTAET Daily Briefing, 24 March 2000

Table 4.1: National Indicators of poverty, 1999

	East Timor		Indonesia	
	1990	1995	1990	1995
Percentage of population dying before age 40	22.7	18.5	15.2	12.3
Percentage of adults illiterate	59.8	54.5	18.5	14.5
Percentage with poor access to clean water	50.5	44.7	54.7	52.8
Percentage greater than 5 km to medical facilities	20.3	31.1	14.0	10.6
Percentage of infants with poor nutrition	55.4	47.4	44.5	36.1

Source: Professor Graeme Hugo, submission.

Table 4.2: Indonesia and East Timor: Health indicators

	East Timor	Indonesia
Access to health facilities (%)	68.9	89.4
Access to clean water (%)	55.3	47.2
Calorie consumption per day per person	1856.9	2019.8
Children with under nutrition (%)	47.4	36.1
Anaemia among pregnant women (%)	48.0	63.5
Medical officer present at birth (%)	17.9	48.2
Comprehensive immunisation (%)	21.7	41.7

Source: *Laporan Pembangunan Manusia Indonesia*, 1996.

Education

2.57 Professor Graeme Hugo told the Committee that, in East Timor, the nought to four age group made up 18 per cent of the total population in 1990, compared to only 11.7 per cent in Indonesia and 7.5 per cent in Australia. The number of children coming into the school age groups at a time of great disruption and a lack of services represented a huge challenge for future development.³⁹ Given the importance of human resource development as a fundamental element of economic and social development, Professor Hugo argued that this should be a priority area for Australian aid to an independent East Timor.⁴⁰

2.58 The rates of illiteracy were very high for all age groups. In Indonesia as a whole, illiteracy was mainly concentrated in older age groups. But, in East Timor, a fifth to a quarter of young adults were illiterate; four or five times more than in the rest of Indonesia. There were few schools during the Portuguese period so Indonesia had started from a very low base. Nevertheless, statistics for 1992 showed two-thirds of East Timorese had not completed primary school. East Timor was conspicuous in terms of the very low proportions of those aged seven to 18 going to school. This was due partly to the residual effect of poor education provision over a long period of time but, even in 1998-99, the actual number going to school was very low.⁴¹

2.59 AusAID told the Committee that illiteracy rates in East Timor were high at 56 per cent of women and 39 per cent of men. After 1975, Bahasa Indonesia had been the sole medium of instruction and communication, following a ban on the use of Portuguese and local languages in schools and throughout the administration. Despite this, according to an AusAID report, in 1997, only 65 per cent of the population were conversant in Bahasa Indonesia.⁴² The vast majority of teachers prior to Indonesia's withdrawal in 1999 were non-East Timorese, who left before or after the 30 August 1999 ballot. By then, high schools were much more affected than the primary schools because high school teachers had been predominantly drawn from other parts of Indonesia.⁴³ The training needs of East Timor were vast and spanned basic primary, secondary and tertiary levels, vocational training, training for government administrators and upgrading for teachers and medical personnel.⁴⁴

Australian assistance

2.60 Australian educational assistance to East Timor prior to September 1999 had been a sub-set of the development assistance program for Indonesia. Education and training assistance to Indonesia had been mostly directed at the tertiary level. A 1997 Program Planning Mission concluded that a move into basic education would be

39 Professor Hugo, *Committee Hansard*, 19 July 1999, p. 59.

40 Professor Hugo, *Committee Hansard*, 19 July 1999, p. 60.

41 Professor Hugo, *Committee Hansard*, 19 July 1999, p. 61.

42 Department of Foreign Affairs and Trade and AusAID, submission no. 52, p. 21.

43 Ms Tate, *Committee Hansard*, 3 November 1999, p. 635.

44 AusAID, submission no. 52, p. 18.

appropriate. This was both because of the extent of structural change under way in this sector, and the magnitude of Indonesia's needs. In response to this recommendation, a Basic Education Adviser was placed in Nusa Tenggara Timor (Kupang), with responsibility for identifying activities for possible AusAID funding in that province and East Timor. The Partnership for Skills Development, with an Australian budget of \$A3.4 million, was to run from July 1998 to June 2003 to provide East Timorese with a range of training opportunities, especially vocational training.⁴⁵ Future aid interventions were to focus on basic education and vocational training.⁴⁶

2.61 The Second Indonesia Australia Polytechnic Project, with an Australian budget of approximately \$A30,000, ran from January 1992 to January 1997 and supported a number of polytechnics in Indonesia, including the one in Dili. Activities included upgrading teaching facilities, course development and teaching practice development.⁴⁷

2.62 Since 1994, eleven students from East Timor had been awarded scholarships under the Australian Development Scholarships program, which provided post-graduate scholarships for Indonesian students to study in Australia.⁴⁸

2.63 APHEDA (Australian People for Health, Education and Development Abroad) had supported education projects in East Timor since July 1998 in alliance with the Mary MacKillop Institute for East Timorese Studies.⁴⁹ The MacKillop Institute literacy program, *Mai Hatene Tetun*, had the capacity to be the foundation program for the teaching of reading and writing in Tetum, the most widely used indigenous language.⁵⁰ The program had been initiated in 1994 at the request of Bishop Ximenes Belo. By mid-1999, it had been established in 42 diocesan schools of the Dili diocese. The teachers who were teaching it had co-operated in two workshops. The program had been completed to the end of year three, the first three years of school. Preparations were in train for completing the programs for years 4, 5 and 6. The program included teachers' manuals and teachers' notes. The teacher training component was important as there had been no teacher training for primary education in Timor for some time. It was envisaged that a secondary school program would also be produced. UNICEF had shown interest in the program.⁵¹

2.64 Sister Susan Connelly of the MacKillop Institute said that, although it had not yet been decided as to which languages would be used in schools, Tetum would be one of those used because it was the language of two-thirds of the population and it was understood throughout East Timor. Tetum had been chosen for that reason from

45 AusAID, submission no. 52, p. 18.

46 AusAID, submission no. 52, p. 18.

47 AusAID, submission no. 52, p. 18.

48 AusAID, submission no. 52, p.18.

49 APHEDA, submission no. 67, p. 1.

50 Mary MacKillop Institute for East Timorese Studies, submission no. 59, p. 12.

51 Sister Connelly, *Committee Hansard*, 3 November 1999, p. 686.

among the fourteen other languages spoken on the island.⁵² The stories for the literacy program were written by Timorese people, in Timor and in Australia. Because it was an unwritten language much work was required to decide questions of vocabulary, grammar and spelling.⁵³

2.65 All the basic materials and publications, including artwork and text, that had been produced for the Tetum literacy development program; that is, school books for grades 1 to 3 prepared by the Mary MacKillop Institute, were held in Australia. So, although all the publications that had been distributed to the schools in East Timor were destroyed, the program could be revived when the material had been reprinted and redistributed. The teacher training support that had been conducted as part of the program retained its relevance for teachers who were able to return to their schools. In Baucau and in some of the regions in eastern East Timor, the schools had never stopped functioning, in contrast to the rest of East Timor, where there had been such destruction that there was literally not a pencil left.⁵⁴ In the Lospalos and Viqueque regions, most of the schools had been destroyed.⁵⁵

2.66 Whether Tetum, Portuguese, Indonesian/Malay or English would be used in the schools was a fundamental political question for the Timorese leadership.

2.67 On 23 March 2000, UNTAET announced that 92 per cent of East Timorese children who had attended primary school in 1998-99 had returned to school. More than 147,000 children were being taught by almost 6,400 teachers across East Timor. The total number of schools registered by UNICEF stood at 686 (compared to 800 before 30 August 1999). Schools had been rehabilitated with the efforts of UNTAET peacekeeping force, Interfet and the United States Navy. UNICEF and its implementing partners had distributed two hundred and fifty metric tones of roofing materials for primary schools across East Timor. There was no standard curriculum yet in East Timor. Depending on the region, classes were being taught in Tetum, Bahasa Indonesia, Portuguese or English. UNTAET was planning to establish a standard curriculum by October when a congress of teachers was to be held in the territory.⁵⁶ With most of the territory's 140 secondary schools in ruins, higher education had effectively been halted, according to UNICEF.⁵⁷

2.68 Ms Alison Tate, of APHEDA, said that educators and students, with whom she had held discussions in East Timor, had seen English language training as a fundamental vocational need, because the main employers under the Transitional Authority would be the United Nations and international non-government

52 Sister Connelly, *Committee Hansard*, 3 November 1999, p. 686.

53 Sister Connelly, *Committee Hansard*, 3 November 1999, p. 686.

54 Ms Tate, *Committee Hansard*, 3 November 1999, p. 634.

55 Ms Tate, *Committee Hansard*, 3 November 1999, p. 647.

56 *UNTAET Daily Briefing*, 23 March 2000.

57 Mark Dodd, 'Rebuilding Timor's education system', *The Age*, 27 April 2000.

organisations, most of whom spoke English.⁵⁸ Australia had technical expertise to offer in the development of English as a second language and in bilingual education.⁵⁹

2.69 The redevelopment of the education system in East Timor required significant input from the East Timorese who had been involved in the education sector. The CNRT education task force had been considering the development of a new national curriculum at primary and high school levels.⁶⁰ At a political level, there was unwillingness to incorporate an Indonesian curriculum for a high school system. The East Timor Strategic Development Planning Conference, which was hosted by the CNRT in Melbourne in April 1999, had looked at future planning, and adopted as strategic goals the reintroduction of Portuguese language and literacy programs and intensification of the teaching of Tetum.⁶¹

2.70 APHEDA had been approached for technical input from Australian educators for materials, curriculum and teacher training methodology at secondary and primary school levels.⁶² Ms Tate said that UNICEF had already conducted a ‘needs’ assessment of what would be required for rebuilding or repairs to schools and of the human resources available in regional areas.⁶³

2.71 Some State and Territory Governments have pledged support for the education system in East Timor. On 4 April 2000, the Australian Capital Territory Legislative Assembly committed itself to help repair East Timor’s schools. The commitment was made in response to an address to the Assembly by the education spokesman for the CNRT, Fr Filomeno Jacob, on practical ways in which Australian governments could help.⁶⁴

2.72 On 11 August 2000, the Victorian Government pledged significant financial support to help rebuild the education system of East Timor, including sponsoring the first teachers’ congress in independent East Timor and providing practical support. Education Minister Mary Delahunty said financial assistance included the provision of a heavy duty photocopier, to be shipped from Darwin, \$65,000 to assist Timorese teachers to attend the congress in Dili, and paper, pens and books for teachers attending the congress. Ms Delahunty said: ‘There is a concerted effort from governments around Australia to help create a new education system in East Timor and this initial assistance from Victoria will provide for the launch of a new curriculum. Basically we will be asking the East Timorese what assistance they want,

58 Ms Tate, *Committee Hansard*, 3 November 1999, p. 634.

59 Ms Tate, *Committee Hansard*, 3 November 1999, p. 644.

60 Ms Tate, *Committee Hansard*, 3 November 1999, p. 635.

61 Ms Tate, *Committee Hansard*, 3 November 1999, p. 639; *East Timor Strategic Development Planning Conference Results*, Melbourne, April 1999, pp. 38-9.

62 Ms Tate, *Committee Hansard*, 3 November 1999, p. 639.

63 Ms Tate, *Committee Hansard*, 3 November 1999, p. 647.

64 Emma Macdonald, ‘Australian pledge to repair schools’, *The Canberra Times*, 4 April 2000

that we can provide.’⁶⁵ Ms Delahunty visited Dili on 12-13 August and met Xanana Gusmão and Education Minister Fr Filomeno Jacob. She said Victoria was considering education aid to East Timor, such as teacher training, school equipment and ‘twin school relationships’. She said her department would examine ways to help the country rebuild its secondary education system.⁶⁶

2.73 Dr Dennis Shoesmith proposed practical ways that the Northern Territory University and Darwin could contribute to the strengthening of the capacity of the East Timorese people to establish a viable society:

The university in Dili has been destroyed, and I acknowledge that a rehabilitation of that institution would mean building it from nothing. But there has to be a university in Dili eventually, because the contribution a university in Dili could make is crucial. One of the things that East Timor will need in the future is a trained, educated population that can contribute to its self-governance and its development.⁶⁷

2.74 Dr Shoesmith argued that the Northern Territory University had advantages in this situation that were not shared by larger universities in southern Australia. It was close to East Timor and there was an East Timorese population resident in Darwin, and the scale of the university in Darwin was appropriate to the rehabilitation of a university in East Timor.⁶⁸ It also offered courses across the whole spectrum, from vocational education and training (VET) to PhDs. In VET training, it already had experience in delivering programs in eastern Indonesia and had collaborative arrangements with universities in Malaysia and elsewhere. A partnership between the university in Dili and the university in Darwin, with staff exchanges, joint projects, the training of the first generation of civil servants, administrators and media people in East Timor, would be a very practical contribution. The university was not able to co-ordinate a large-scale development program to East Timor, but it could co-ordinate aspects of it that would be productive in the long term in helping the East Timor. That would require financial support from Canberra, as the university did not have the financial resources to pay for such programs, but it had the personnel, the infrastructure and the expertise to make useful contributions.⁶⁹

65 ‘Victorian Government helps to kickstart education in East Timor’, Government of Victoria Media Release, 11 August 2000.

66 Mark Dodd, ‘Australian teachers may help in Timor’, *The Age*, 15 August 2000.

67 Dr Shoesmith, *Committee Hansard*, 9 September 1999, p. 442.

68 Dr Shoesmith, *Committee Hansard*, 9 September 1999, p. 441.

69 Dr Shoesmith, *Committee Hansard*, 9 September 1999, p. 442.

Table 4.3: Percentage inhabitants aged 5 years and above according to age group and usual language in the year 1990

Age Group	Bahasa Indonesia	Non-Bahasa Indonesia		Total
		Able to speak Bahasa Indonesia	Unable to speak Bahasa Indonesia	
(1)	(2)	(3)	(4)	(5)
5-9	4.6	38.5	56.9	100.0
10-14	5.1	76.3	18.6	100.0
15-24	8.9	69.3	21.7	100.0
25-49	9.1	37.3	53.6	100.0
50+	1.2	15.9	82.9	100.0
Total	7.0	47.2	45.8	100.0

Source: Biro Pusat Statistik, 1992b.

Table 4.4: Percentage of illiterate inhabitants aged 10 years and above according to age group and sex in the year 1990

Age Group	Male	Female	Total
(1)	(2)	(3)	(4)
10-14	21.8	25.4	23.5
15-19	20.1	29.6	24.5
20-24	29.7	50.2	39.9
25-29	42.1	65.9	54.0
30-34	51.9	77.4	64.4
35-39	65.5	85.8	75.1
40-44	76.1	91.1	83.9
45-49	79.2	91.9	85.3
50+	86.3	93.9	89.9
No response	0.0	20.8	20.8
Total	47.1	63.2	54.9

Source: Biro Pusat Statistik, 1992 b.

Table 4.5: Percentage of population 10 years and above by education and sex

Education	Male	Female	Total East Timor	Total Indonesia
Never been to school	47.1	63.4	55.0	37.6
Not completed primary school	19.4	15.4	17.5	
Primary school	16.0	11.5	13.8	36.2
Lower secondary	8.5	5.9	7.3	12.8
Upper secondary	7.5	3.3	5.5	11.9
Diploma	0.4	0.1	0.3	
Academy	0.5	0.5	0.3	0.6
University	0.6	0.1	0.4	0.3
Total	100.00	100.0	100.0	100.0

Source: Biro Pusat Statistik, 1992.

Conclusion

2.75 It is crucial for the development of the East Timorese community and economy that education be made available to all East Timorese children. It will obviously take time to re-establish schools, not just their physical structures but also the provision of teachers, equipment and curriculum material. It will be through education that the East Timorese will eventually be able to take over all the administrative, technical and professional functions of government in all its manifestations.

2.76 Australian governments and institutions should do all they can to assist East Timor to develop its education system, given possible language constraints. The Committee notes a difference of opinion between the CNRT leadership, who prefer Portuguese for East Timor, and younger East Timorese, who have been taught in Indonesian and who have no knowledge of Portuguese. As mentioned elsewhere in this report, the languages to be used in schools should have the broad support of the East Timorese people.

2.77 Given that illiteracy is widespread in East Timor and that few people have had more than a rudimentary education, education should be made available to teenagers and adults. In fact, their participation should be encouraged. Illiteracy, if not dealt with, will continue the impoverishment of much of the population, which will make it more difficult for the nation to develop a society and an economy able to survive in the modern world.

2.78 Vocational education will also play an important role in the development of the East Timorese economy by giving East Timorese new vocational skills that will broaden their employment options and give them more fulfilling lives.

The rule of law

2.79 From the outset, witnesses emphasised the need for the United Nations administration to establish the rule of law in East Timor.

2.80 On 15 September 1999, Lieutenant General John Sanderson, representing Paxiquet, argued that establishing an effective justice system as a precursor to, or in parallel with, the establishment of government was essential for the success of the international peace operation in East Timor.⁷⁰ He told the Committee:

The Cambodian mission was a paradigm in the sense that this was the first time the United Nations had undertaken that full transition authority role. The object of it was to hold Cambodia in a state of suspense by controlling all the key institutions of governance whilst the Cambodians worked out a new foundation in law for the relationship between the government and society.

I believe it was a very successful operation in terms of the bandaid that was given. But what we failed ... to lay the foundation for the rule of law and justice in Cambodia. So, to all intents and purposes, some people are very satisfied with the governance institutions that have been established in Cambodia and some are terribly dissatisfied because they still have the hallmarks of a one-party state. In other words, the police and judiciary are responsive to the party rather than to the people and the law. There is that flaw in the Cambodian operation. That is the message that we have been trying to get across.⁷¹

2.81 Mr Mark Plunkett, also of Paxiquet, in his submission to the Committee, set out a blueprint for a comprehensive rule of law campaign plan.⁷²

2.82 Drawing on her experience in Cambodia and East Timor, Ms Sue Downie also urged that priority be given to establishing the rule of law. She said that in East Timor, the United Nations will have the opportunity to plan and implement strong

70 Lt. Gen. Sanderson, *Committee Hansard*, 15 September 1999, p. 520.

71 Lt. Gen Sanderson, *Committee Hansard*, 15 September 1999, p. 532.

72 Mr Plunkett, submission no. 92; *Committee Hansard*, 15 September 1999, p. 515.

state building measures in East Timor: ‘without rule of law you cannot build schools, because they will be vandalised. There is no point in training teachers if they are going to be corrupt’.⁷³ Ms Downie recognized that it would be a long, slow process, first adopting rules and laws and training police, court officials, prosecutors, prison officials and officers. It would have to take place in addition to, and perhaps at the same time as, re-establishing and rebuilding the shattered infrastructure. The rule of law had not been established in Cambodia before the departure of UNTAC. East Timor’s leaders would have to address three points which Ms Downie thought Cambodia’s current leaders have failed to do: ‘that is, impunity, nepotism and corruption. This comes back to rule of law. Without rule of law you cannot combat those three issues that have caused such problems in Cambodia’.⁷⁴

2.83 UNTAET has given priority to re-establishing the judicial system. New South Wales Attorney-General Jeff Shaw reported, following a visit to East Timor in April 2000, on the process of establishing a court system to deal independently with criminal and civil cases. He wrote: ‘In light of the pressing need for people with the skills and training, the destruction of court houses, burnt law libraries, scarce resources and multiplicity of languages (the traditional Tetum, Portuguese, English and Bahasa Indonesian), this is a formidable challenge’. UNTAET had reinstated Indonesian law on a transitional basis, as the law which potential judges and legal practitioners, East Timorese men and women educated in Indonesia, understood after a period of 24 years of Indonesian rule. That law was modified so that it did not apply where it conflicted with internationally recognised human rights standards (for example, Indonesian laws in respect of anti-subversion, national security and defence had been abrogated). Capital punishment had been abolished. Eight judges had been appointed to the District Court in Dili, on the basis of a two-year probationary period. Prosecutors and public defenders had also been appointed. They were mostly young, Indonesian-educated lawyers without substantial practical experience who were going through intensive training, with the unavoidable result that the backlog of criminal trials was growing.⁷⁵

2.84 Several witnesses drew the Committee’s attention to the seminal role played by the rule of law in democratic societies and the need to establish at an early date the rule of law in East Timor. There has been criticism of UNTAET for not moving fast enough to give effect to the rule of law, as there has been of other areas of UNTAET’s administration. However, delays are inevitable. In establishing a new nation from the rubble of the post-ballot scorched earth policy of the militias and TNI, it has taken time to put in place a legal system and the appointment and training of personnel who will run it.

73 Ms Downie, *Committee Hansard*, 18 November 1999, p. 959.

74 Ms Downie, *Committee Hansard*, 18 November 1999, p. 960.

75 Jeff Shaw, ‘Establishing rule of law in Dili’, *The Sydney Morning Herald*, 17 April 2000. UNTAET Regulation No. 1999/1 ‘On the Authority of the Transitional Administration in East Timor’, 27 November 1999.

2.85 In a society that was racked with violence for 25 years and where arbitrary arrest, detention, torture, rape and execution of East Timorese people were carried out without regard to the rule of law, it may be difficult, in some cases, for East Timorese to come to terms with the concept of rule of law. It is therefore important for the legal system to gain quickly the respect and support of the population so that people automatically turn to the legal system for redress rather than resort to violence.

Portugal and Portuguese

2.86 Ambassador Justo da Silva told the Committee on 13 August 1999 that Portugal had already set up a commission, which had done preparatory work on civil administration, education and related matters, in anticipation of making a contribution to the United Nations administration in East Timor. He said Portugal accepted that it had obligations and anticipated continuing co-operation with East Timor for a long time, and that it would be in the first rank of international aid donors.⁷⁶

2.87 Following the United Nations and the World Bank meeting on aid to East Timor in Tokyo on 17 December 1999, Portugal pledged \$US50 million to pay for the establishment and running of the territory's new civil service.⁷⁷ During a visit to Dili on 3 December 1999, the Portuguese Foreign Minister, Mr Jaime Gama, announced that Portugal planned to spend 75 million euros on aid to East Timor until 2003, having already spent between 55 and 60 million euros since May 1999.⁷⁸ Mr Gama said at the European Union Foreign Ministers meeting in Luxembourg on 14 June 2000 that Portugal would make \$US100 million available during 2000 as part of the international initiative to reconstruct the territory.⁷⁹ By the end of August 2000, Portugal had become in dollar terms the single most important contributor of aid to East Timor.⁸⁰

2.88 The Banco Nacional Ultramarino was the first bank to re-open in East Timor after the Indonesian withdrawal when it opened in Dili on 29 November 1999, making payments in escudos, which remained a recognized currency in the territory until the United States dollar was made the official currency on 24 January 2000.⁸¹

76 Ambassador Justo da Silva, *Committee Hansard*, 13 August 1999, p. 269.

77 'East Timor chooses Portuguese as official language', *Associated Press*, 14 February 2000. On 12 April 2000, in Dili, a contribution agreement for \$US 50 million over four years to the Trust Fund for East Timor (TFET) was signed by Luis Amado, Secretary of State for Foreign Affairs and Cooperation of the Republic of Portugal, and Jemal-ud-din Kassum, World Bank Vice President for East Asia and the Pacific Region ('Portugal gives \$50 million', *World Bank*, 12 April 2000).

78 'Portugal to Spend Euros 225 Million over next 3 Years, says FM Gama', *Lusa*, 13 December 1999.

79 'Portugal to double East Timor aid', *ABC News Online*, 14 June 2000.

80 Xanana Gusmão and José Ramos Horta, 'New nation has passed the test', *The Australian*, 30 August 2000.

81 Ian Timberlake, 'Portuguese bank opens first operations in ruined East Timor', *Agence France-Presse*, 29 November 1999; Hubert Laverne, 'Portugal moves back into East Timor', *Agence France-Presse*, 3 December 1999; 'Escudo shunned as East Timor demands US dollars', *The News Weekly* (Lisbon), 29 January 2000.

2.89 Prime Minister António Guterres visited East Timor during 22-26 April 2000.⁸² In the course of the visit, Mr Guterres pledged a monthly subvention of 50,000 euros to Falantil, the military wing of the CNRT.⁸³ Defence Minister Castro Caldas announced at a meeting of European Union Ministers in Luxembourg on 13 June 2000 that the Portuguese Navy would send a mission to East Timor to prepare the creation of a naval school and begin crew training for two patrol boats to be provided by Portugal.⁸⁴

2.90 Portugal and Portuguese citizens had been the biggest contributors to the CNRT since its founding, according to an accounting report setting out details of spending by the CNRT since its founding in April 1998. The report was presented by Mr Gusmao to a CNRT congress in Dili on 21 August 2000.⁸⁵ For the financial year 2000, the Portuguese Government provided 240 million of the 300 million escudo CNRT income.⁸⁶

2.91 On 11 February 2000 in Dili, CNRT President Mr Gusmão announced:

We will keep Portuguese as the official language. Our position is clear that the official one will be Portuguese because it is part of our heritage. It is a political decision and the youth have to agree with this. We understand very well the concerns of the youth. If the Portuguese left many years ago, the Dutch would have taken this area and we would have become Indonesia. We have them to thank for our own identity.⁸⁷

2.92 The announcement of the official language came just before Portuguese President Jorge Sampaio visited East Timor. During his visit, from 13 to 16 February, the President discussed reconstruction and security matters with UNTAET, Interfet and the CNRT.⁸⁸

2.93 According to the 1990 population census, only 3,000 East Timorese identified Portuguese as the language spoken at home, although a significantly larger number

82 Heather Paterson, 'Portuguese premier pledges continued support for E Timor', *AP*, 26 April 2000; 'Portuguese PM concerned over future of East Timor', *Agence France-Presse*, 26 April 2000.

83 'Guterres pledges aid to guerillas', *The News Weekly* (Lisbon), 29 April 2000.

84 'Timor gets 10 million euros and Portuguese training', *The News Weekly* (Lisbon), 17 June 2000.

85 'East Timor: Gusmao presents CNRT Accounts for First Time', *Lusa*, 21 August 2000.

86 'CNRT de Lisboa recebeu mais de 300 contos este ano', *Lusa*, 22 Agosto 2000.

87 'Portuguese to be East Timor's official language: Gusmao', *Agence France-Presse*, 11 February 2000; 'East Timor chooses Portuguese as official language', *Associated Press*, 14 February 2000. Mr Whitlam made a similar point, referring to the Papal Bulls *Inter caetera* and the Treaty of Tordesillas: 'There is no question that, but for the arrangement made by Alexander VI and approved by Julius II, each side of 1500, that the island would have been united. It is a pure accident of history that it was separated' (*Committee Hansard*, 6 December 1999, p. 986).

88 UNTAET briefing, 16 February 2000.

understood it and it remained popular among the diaspora. English was not widely spoken, although university graduates more often spoke English than Portuguese.⁸⁹

2.94 Virgílio da Silva Guterres, chief editor of the first independence-era newspaper, *Lalalok* (*Mirror*), stated on 21 February:

CNRT keeps Timor Lorosae people in the dark. The people eagerly await to hear CNRT's plans for kick-starting the economy and political reconciliation, but to no avail. To date they have kept silent and have yet to clarify their stance on these important matters. In the case of language and currency, it's clearly the matter of a tiny minority trying to impose their will on the majority. While Tetum is the lingua franca, these political elites insist on Portuguese.⁹⁰

2.95 Mr Gusmão's announcement was in accord with the decision of the CNRT's East Timor Strategic Development Planning Conference held in Melbourne in April 1999, which had adopted the strategic goal of reintroducing of Portuguese language and making it an official language of the new state. The policy demonstrated continuity with the language policy formulated by Fretilin in 1974 in anticipation of independence, that Portuguese was to be retained as the official language.⁹¹

2.96 On 13 February 2000, Mr Vieira de Mello stated in Dili, after meeting President Jorge Sampaio of Portugal, that he expected Portugal and other countries of Portuguese Official Language would have a very important role to play in education. He also noted the anxiety of the youth of the generation, who grew up under the Indonesian administration and were educated in Indonesian. He said that it was necessary, whatever the final decision was on the language of education, that through the mechanism of the National Consultative Council it receive the unanimous support of the Timorese.⁹²

2.97 During an official visit to Brazil, Mr Gusmão received assurances of assistance from President Fernando Henrique Cardoso and the National Council of Brazilian Bishops, including teachers and teaching materials for institutionalization of the Portuguese language.⁹³ Mr Gusmão addressed the assembly of the Community of the Portuguese-speaking Countries (CPLP) meeting in Maputo, Mozambique, on 18 July 2000, which issued a declaration that East Timor would join the CPLP as its eighth member once it gained full sovereignty.⁹⁴

89 Department of Foreign Affairs and Trade and AusAID, submission no. 52, p. 21.

90 Arnold Zeitlin, 'East Timor Press Struggles to Emerge', *The Freedom Forum Online*, 21 February 2000.

91 'Geoffrey Hull on why Portuguese is the right choice as the official language in East Timor', *Lingua Franca*, 24 March 2000.

92 UNTAET briefing, 13 February 2000.

93 'Brazil Bishops offer aid', *Folha de São Paulo*, 7 April 2000.

94 'Português será língua oficial, confirma Xanana Gusmão', *Lusa*, 18 Julho 2000; 'East Timor to join the community of the Portuguese speaking countries', *Xinhua*, 19 July 2000; 'Cimeira CPLP: Declaração sobre Timor-Leste apoia independência', *Lusa*, 18 Julho 2000.

2.98 The Committee believes that it is for the East Timorese themselves to decide which language(s) should be their official language(s) and which languages should be taught in schools. Undoubtedly, as the most widely spoken local language, Tetum will continue to be used throughout the country. With regard to foreign languages, the East Timorese must balance the heritage value of Portuguese against the practicalities of both Indonesian and English, the two languages most understood in the region. As indicated by UNTAET, whatever decisions on language are taken, they should have the support of most East Timorese.

Role of the Catholic Church

2.99 Bishop Kevin Manning referred to the rapid growth in the proportion of Catholics in the population of East Timor from around 250,000 in a population of 700,000 in 1975 to 750,000-800,000 in a population of 820,000 in 1999. He said:

One has to question the miraculous upsurge in numbers. This type of thing has happened in other countries where people have jumped onto the coat-tails of the Church because she was the one who was fighting for social justice. It was a rallying point ... When I was in Jakarta two years ago, I spoke with the Pro-nuncio and he suggested that a lot of the adherence to Catholicity was because they saw the church as a leader for human rights.⁹⁵

2.100 Bishop William Brennan explained that, in accordance with the Indonesian state ideology of the Five Principles, *Pancasila*, the first principle being belief in One God, the Timorese had had to make a choice between Catholicism and Islam. They chose Catholicism, in his opinion, because that was the religion of the Portuguese: 'The Portuguese were very effective colonisers in transmitting a culture that people accepted and identified with and loved, even though individual Portuguese and governors were nasty people. The whole cultural totality was something that they bought quite readily'.⁹⁶

2.101 Although it had been an enormous educational task to catechise 300,000 or 400,000 adults in a short time, Bishop William Brennan thought that in such a poor country they would stay with the Church once East Timor became independent, as perhaps would not be the case in a more affluent society.⁹⁷

2.102 Bishop Hilton Deakin explained that the reaction of the Indonesian Catholic Church had been to look at the situation in East Timor from a very strong Indonesian point of view. Initially, in 1975, the Indonesian bishops had come out in a very strong condemnatory manner over what the Indonesian military (ABRI) was doing in East Timor. 'But they were sat on very quickly. Any conversation that has been held since

95 Bishop Manning, *Committee Hansard*, 3 November 1999, p. 697.

96 Bishop Brennan, *Committee Hansard*, 3 November, p. 708.

97 Bishop Brennan, *Committee Hansard*, 3 November 1999, p. 714.

then has been much quieter ... I have met Indonesian bishops and asked them about East Timor. They say, "East Timor, where's that?"⁹⁸

2.103 The Australian Catholic Social Justice Council had secured an AIDAB grant from the Australian Government to help Bishop Ximenes Belo establish the Dili Catholic Commission for Justice and Peace.⁹⁹ Bishop Brennan explained:

The setting up of a Justice and Peace Commission gave the Bishop at least some staff to handle all of these inquiries that he was getting. As I say, he was the only one the people could turn to because he was head of the Church.¹⁰⁰

2.104 Bishop Brennan said that Bishop Belo had always been shown great respect by the Indonesians. The military commanders had held him in high regard and shown him respect, and he had been able to get information from them. When he was given names of people who had disappeared, he was able to go to the chief of police, or to the governor or to the military commander and find out what they knew about them, at least whether they were in detention and when they might be released.¹⁰¹

2.105 Bishop Deakin said that for a long time there was only one bishop in East Timor, and because nobody else could talk publicly, he became, in a sense, 'the keeper of the flame'. He had been pressured by a great number of people in and out of the Church to be quiet: 'They said, "Mind your own business. You shouldn't be interfering in politics," and all that sort of thing. One looks back now on what he did and wonders how anybody could say anything like that. There are now two or maybe three bishops in East Timor. It is developing a hegemony, a leadership and an identity all of its own, and it will be that much more Timorese as a result'.¹⁰²

2.106 Bishop Brennan said that Bishop Belo had been the only significant non-Indonesian figure, which was another reason why the people had flocked to the churches and why they had flocked to the Bishop to help them. Although the governors were East Timorese, they were employed by the Indonesians, and were not trusted by the people to the extent that the Bishop was.¹⁰³

2.107 The Catholic Church was also the only place where Timorese could speak their native language in public. Indonesian was the only official language, so the Tetum language was not allowed to be spoken in public, except in church.¹⁰⁴

98 Bishop Deakin, *Committee Hansard*, 27 August 1999, p. 348.

99 Bishop Manning, *Committee Hansard*, 3 November 1999, p. 699; Bishop Brennan, *Committee Hansard*, 3 November 1999, pp.704-5. 'AIDAB' is the former name of 'AusAID'.

100 Bishop Brennan, *Committee Hansard*, 3 November 1999, pp. 704-5.

101 Bishop Brennan, *Committee Hansard*, 3 November 1999, pp. 704-5.

102 Bishop Deakin, *Committee Hansard*, 27 August 1999, p. 348.

103 Bishop Brennan, *Committee Hansard*, 3 November , pp. 704-5.

104 Bishop Brennan, *Committee Hansard*, 3 November , pp. 704-5.

2.108 The Committee was told that many of the Catholic clergy in East Timor had been implacably hostile to the Indonesian military and encouraged passive resistance and the independence movement. The Church made little effort to come to terms with the Indonesian administration and tacitly supported the resistance. The clergy enjoyed a high level of respect among the people, analogous to the situation in pre-World War One Ireland or in Poland before the end of the communist regime, and constituted a 'theocratic' counter to the Indonesian Government.¹⁰⁵

2.109 A different view was put by Mr John Scott-Murphy, of Caritas Australia, who said that, in his experience, independence was not a religion-based issue. The Church itself was split on the issue of independence. There were many people in the Catholic Church in East Timor who did not support independence. There were many people in the Catholic Church throughout Indonesia who supported independence for East Timor but others did not.¹⁰⁶

2.110 Bishop Manning said that he hoped that the Church would not play a big part in the government of East Timor, but that the people would be allowed to determine that for themselves. The Church was there to give advice and to help wherever it could, but it had to listen to the voice of the people. He noted that Bishop Belo had always been very careful not to involve himself in governments: 'He has walked a tightrope. He has given very good spiritual advice, but he has tried to keep himself above political statements, and I believe that he will continue to do that'.¹⁰⁷

2.111 President of the National Council of Timorese Resistance, Xanana Gusmão, announced during a visit to São Paulo, Brazil, on 1 April 2000 that the new government of independent East Timor would be secular, although the Catholic Church would play a strong role: 'We will have a secular system, but the Church will play a role, not only in the transition, but also in independence, reinforcing our effort to consolidate the process, stabilising it, and bringing it to fruition ... In education, the Church will also have an important role'. He said Bishop Ximenes Belo would not become directly involved in the government.¹⁰⁸

105 *In camera* evidence.

106 Mr Scott-Murphy, *Committee Hansard*, 10 September 1999, p. 495.

107 Bishop Manning, *Committee Hansard*, 3 November, p. 699.

108 'Timor government to be secular, speak Portuguese', *Agence France-Presse*, 2 April 2000.

