

All about the oil: a history of Australia's relationship with Timor-Leste

Australia views itself as Timor-Leste's liberator. But the reality is that Timor-Leste has suffered for decades because of Australia's pursuit of oil revenue above all else.

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When Australia and Timor-Leste finally agreed to a [permanent maritime boundary](#) last year, it seemed like the protracted dispute over lucrative oil and natural gas reserves in the Timor Sea might finally be resolved.

But this week, *Guardian Australia* reported that Australia has been allegedly [siphoning millions of dollars](#) worth of oil revenue off Timor-Leste. A dysfunctional parliament never got round to ratifying the treaty, so Australia continues to profit off oil fields the treaty says belong to Timor-Leste.

These latest allegations are just the most recent chapter in a difficult relationship between Australia and one of its closest, poorest neighbours. It's a relationship that spans decades of mistreatment, driven by foreign policy choices that have prioritised Australian oil interests above all else.

Oil diplomacy

"Oil has always been a major factor in the Timor story," Clinton Fernandes, a professor of international politics at the University of New South Wales says. The oil and gas reserves in the Timor Sea are worth billions, and by the 1960s, Australia was already issuing exploration licenses.

After the Carnation Revolution in 1974, Portugal began freeing its colonies, including Timor-Leste, which it had controlled since the 16th century. While Timor-Leste's future was unclear, Australian policy-makers felt Indonesian integration would better serve their oil interests.

Just nine days after Timor-Leste declared independence in late 1975, Indonesian forces began a bloody invasion, ultimately annexing the territory. Australia supported the annexation, partly out of a desire to remain close to Suharto and contain communism, but also because of oil reserves.

"Part of the reason why Australia supported Indonesia's annexation and occupation was because of the oil and gas resources in the Timor Sea," Bec Strating, a senior lecturer in politics at La Trobe University told *Crikey*.

But without Australia's support, Indonesia might never have annexed Timor-Leste. Indonesia was undecided about Timor-Leste until a meeting between Gough Whitlam and Suharto in 1974, where knowledge of Australia's support ultimately helped crystallise its position in favour of integration.

In 1979, Australia officially recognised Indonesia's sovereignty over Timor-Leste, and 10 years later, signed a treaty to close the Timor Gap — the hole in the maritime boundaries between Australia and Timor. The terms of the treaty were highly favourable to Australia.

Turning a blind eye to Indonesia

But Australia's diplomatic manoeuvring required a lot of looking the other way. While the predominantly Catholic Timor-Leste was under Indonesian control, it suffered what some academics term a genocide, including a forced famine, massacres, and regular military operations in the region.

In 1977, a report by former Australian diplomat James Dunn which pointed to widespread human rights abuses by Indonesian forces during the invasion was [dismissed and downplayed](#) by the Fraser government, even while it caused concern among other western nations, including the United States. When over 250 demonstrators were killed in the 1991 Santa Cruz Massacre, foreign minister Gareth Evans called it "an aberration, not an act of state policy".

But soon, Indonesia was softening and in 1999, with Suharto gone, Timor-Leste voted overwhelmingly for independence in a UN-backed referendum. Violence broke out in response, and Indonesian-backed militias killed hundreds. Australian peacekeepers were called in to stabilise the situation, and in 2002, Timor-Leste became independent.

The spying scandal

John Howard calls the "liberation" of Timor-Leste one of his proudest achievements. But as Fernandes points out, an independent Timor-Leste was thoroughly inconvenient for his government's interests.

Timor-Leste's independence invalidated the Timor Gap Treaty signed with Indonesia. In negotiations that followed, Australia was increasingly willing to play dirty with one of the world's poorest countries. Australia had already quietly withdrawn from the International Court of Justice's jurisdiction on maritime boundary jurisdiction, robbing Timor-Leste of an independent arbitrator in the event of a dispute.

Then, in 2004, at the behest of foreign minister Alexander Downer, Australia installed listening devices in Timor-Leste's cabinet offices, under the guise of an aid project.

"The spying was a direct result of the government's desire to coerce and trick the Timorese into signing an unfair treaty," Fernandes told *Crikey*.

A treaty was signed in 2006, which put negotiating a permanent boundary on hold for 50 years. When Australia's spying was revealed in 2012, Timor-Leste went to The Hague, threatening to pull out of the agreement, which led to furious re-negotiations that culminated in the 2018 treaty.

The 2018 treaty was a good outcome for Timor-Leste. But the spying scandal that preceded it betrayed the deep cynicism of Australia's approach. Australia is now bringing highly secretive and malicious [criminal proceedings](#) under the Intelligence Services Act against Witness K, the intelligence official who first exposed the bugging, along with his lawyer Bernard Collaery. The affair [implicates](#) high profile figures from both sides of the political aisle, and yet somehow, has been [met with indifference from much of the Australian media](#).

The office bugging also points to just how entwined foreign policy objectives were with corporate interests. Right after leaving politics, Downer took up a consultancy job at Woodside Petroleum, a company that benefited greatly off Australian access to Timorese oil. There's a revolving door between foreign affairs and Woodside — former DFAT secretary Ashton Calvert joined the board in 2005, and it still counts many ex-department officials among its ranks.

In the popular imagination, Australia was Timor-Leste's liberator. But that relationship has often been anything but benevolent. Timorese NGO La'o Hamutuk estimates that Australia has taken \$5 billion worth of oil money from Timor-Leste since 1999.

Meanwhile, the oil reserves Timor-Leste relies upon are fast dwindling. The streets of Dili are littered with anti-Australian graffiti, and with good reason.

"We'd rather the Timorese state didn't exist," Fernandes says.

“We immediately began to pick their pockets as soon as they became independent.”