



AUSTRALIAN
INSTITUTE OF
INTERNATIONAL
AFFAIRS
VICTORIA

STUDY TOUR TO
TIMOR-LESTE
27 APRIL – 8 MAY 2010



AIAV TIMOR-LESTE STUDY TOUR – PROGRAM

Monday April 26

- Arrive at Dili Beach Hotel at 5.30pm.
- Mr Michael Coultas OAM and Mrs Judy Coultas, on behalf of the AIIA, to host drinks and dinner with HE Mr Peter Heyward, Australian Ambassador, the newly appointed Timor-Leste Ambassador to Australia, Mr Abel Guterres, Mr Damien and Mrs Rae Kingsbury, Mr Rob Hudson, MLA and the Northern Territory representative to Timor-Leste, Mr Brendon Doran, the team from Eco Discovery Tours, headed by Mr and Mrs Manny and Maria Noronha and guides Alphonso, Arnaldo, Louis and Domingo.

Tuesday April 27 (Dili)

- Meetings with the CEO of Red Cross, Timor-Leste, Ms Isobel Guterres.
- Visit to the Pope's Statue
- Briefing with HE Mr Peter Heyward at the Australian Embassy
- Meeting with Mr Abel Guterres at the Ministry of Foreign Affairs.
- Briefing with the Minister for Tourism, Commerce and Trade, Dr. Gil Alves and officers.

Wednesday April 28 (Dili)

- Visit to the Don Bosco Technical School
- Visit to Art Moris, an Art Gallery and Art School in the old military hospital
- Visit to a paper recycling business, Kor Timor
- Visit to the CHEGA Exhibition, the Commission for Truth presentation.

Thursday April 29 (Dili)

- Meeting with the CEO of the Alola Foundation and visit to their weaving and sewing factory.
- Visit to the Resistance Museum.
- Meeting with the Director and other staff at the Dili Institute of Technology
- Presentation by the Minister for Oil and Resources, HE Mr. Alfredo Gires
- Rotary gathering at the Timor Hotel to meet Mr Daryl Mills, Rotary Co-ordinator for East Timor.

Friday April 30

- Journey from Dili to Maubisse, via Aileu Town in 4-wheel drive vehicles. Explore the town of Mubisse.
- Visit to the Coffee Co-operative (CCT) with demonstration of the coffee processing plant.
- Overnight at the Maubisse Pousada.

Saturday, May 1

- 4-wheel drive journey to the south coast, via Same, to Betano Beach.
- Overnight at the Traditional Village in Maubisse.

Sunday May 2

- Sunday morning Mass followed by a trip to the local market. Travel to Aileu.
- Visit to the Monument in Aileu.
- Briefing on the Seeds for Life Program. Visit to the Memorial School and Museum at Dare. Overnight at the Novo Horizonte.

Monday May 3

- Travel to Bacau, via Manatuto Town.
- Visit to the LAHO silk-worm farm.
- Visit to the East Timor Roofing Company and its associated Training Centre for Trades, InfoCom Computer training, and the Micro Finance Centre for women.
- Tour of the Cannossians Centre for disadvantaged teenage girls.
- A night at the Bacau Pousada.

Tuesday May 4

- Journey inland to Los Palos, via the Nuns Memorial and Fort ruins.
- Lunch at Los Palos, and an introduction to projects in the area by Dr David Price, President of the Los Palos Friendship group, including an Agricultural College, an Orphanage, and Medical Clinic.
- Drive to the coastal town of Com.
- Two nights at the Com Resort.

Wednesday May 5

- Trip to Tutuala by truck, visits to the weaving co-operative and fossilized lagoon.
- Traditional spit pig roast at the Com Resort.

Thursday May 6

- Exploration of the Com Port.
- Journey back to Bacau via the local palm wine brewer and the Northern coastal road.
- Meeting with the Marist Brothers Teachers Training College head.
- Dinner at the Cannossian Centre, with a concert by 50 of the girls to follow.
- Night in the Pousada.

Friday May 7

- Visit to the Good Crocodile Foundation Clinic (Fundacao Lafaek-Tricola).
- Visit Salt Lake and Dollar Beach.
- Farewell dinner held at the Abriru hotel, in the presence of our Ambassador, HE Mr Peter Heyward.

Saturday May 8

- Morning departure to Darwin.

MEMBERS OF THE EAST TIMOR STUDY TOUR APRIL 26, 2010

Michael Coultas OAM: Australian Trade Commissioner and Consul General for 20 years, and has been in international trade for the remainder of his career.

Judy Coultas: export consultant for small businesses, owner of the business for 30 years, now retired. Crisis counsellor for Mornington Information Centre.

Ian Nicholson: retired Australian Ambassador, with 36 years in the Foreign Service.

Cynthia Richards: retired physiotherapist.

Dr David Price OAM: retired surgeon and president of the Friends of Los Palos Friendship Group in East Timor

James Kimpton AM: former airline executive and Civil Aviation Safety Authority board member, retired.

Diana Kimpton: Voluntary guide at the National Gallery of Victoria.

Ben Piper OAM: National Transport Commission's Chief Legislative Drafter and Counsel, President of Southport Community Legal Services.

Robyn Byrne OAM: Officer of the Immigration Department, board member for 20 years Inner South Community Health Service.

Fiona Peacock: Employee of the Federal Defence Forces

Jeanette Richards: Book Trade, Librarian and education

Greg Wallis: Industrial Chemist

Joanne Wallis: PhD candidate at Department of Politics and International Studies at Cambridge University

Andrew Davis: Vet and Veterinary Pathologist

Kristian Lewis: Honors student at Deakin University, in International Studies.

Ishita Acharyya: student in Economics, Political Philosophy and International Affairs. Chair of ACCESS , the youth network of the AIIA Victoria.

FORWARD

During the 1990's the Australian Institute of International Affairs, Victoria (AIIAV), provided a forum for the most eloquent advocate of independence for East Timor, Jose Ramos Horta. He addressed the Institute on a number of occasions to growing audiences, notably led by members of the 2/2 and 4/4 Independent Companies, who had fought against the Japanese in East Timor. Mr Ramos Horta spoke of his vision for a free country, conscious of its long heritage as a colony of Portugal, but soon able to stand with the other countries of South East Asia and with Australia in the development of its people, their skills and the natural resources of their country. It was my hope that the AIIAV would, after independence, take a detailed interest in the implementation of the vision of Mr Ramos Horta, now the President of Timor-Leste.

I thank the Chairman, Directors and Zara Kimpton of the AIIAV for allowing this hope to become a reality. A study tour group of 16, including both senior members of the Institute and some of its youngest members such as the chair of ACCESS, the youth network of the AIIAV, visited Timor-Leste from 26 April to 8 May. The group covered a wide variety of skills and interests ranging from diplomacy and business, to social welfare and education.

The program was arranged with considerable assistance from the Australian Ambassador to Timor-Leste and from the Charge d'Affairs of the Timor-Leste Embassy in Canberra. A host of organizations in Melbourne, Sydney and Dili were also most helpful including Rotary, the International Red Cross and the Australia East Timor Sister City Relationship Committee. Direct contacts were developed with the Aloha Foundation and with organizations in Dili, Baucau and Los Palos. In Dili we were privileged to meet senior ministers and the Ambassador-designate to Australia. Although an appointment was made to meet with the President, circumstances beyond our control prevented this.

Importantly we obtained the services of an excellent guide in Manny Noronha, Director of Timor Eco Discovery. He and his guides were invaluable as we explored much of the eastern-half of the country. We would recommend Manny for future tours of the country which I hope will eventuate.

I would also like to thank all our study tour members, who formed a most knowledgeable and entertaining team, occasionally under trying circumstances. Special thanks to our scribe Ian Nicholson and his team, who have worked tirelessly to bring this report to finality. At the AIIAV Peta Mc Dermott was always ready to help whenever needed. Lastly I would like to thank Judy, my wife, and our co-leader. Without her the tour would not have been half as much fun, or its details so well taken care of. We certainly would not have been eating a whole roast pig, cooked on an open spit, as we watched the sun set on the white, sea washed sands of Com.

Michael Coultas, OAM, Tour Leader and Past President

INTRODUCTION

Michael and Judy Coultas led an intrepid group of 16 members of the AIIA on a study tour of Timor-Leste from 27 April to 8 May 2010. One member was from the ACT, one from Western Australia, one from England and the rest of us from Victoria. We were a disparate group, varying in age from student to long-retired, and in occupation from the academics, to public servants, to medicos and the like.

Our aim was to learn about Timor-Leste and to try to gain an understanding of the country, of its condition, of the people and of their aspirations. In doing so, we sought to contribute to the good relations between our two countries, which have had their ups and downs in recent years. Australia and Timor-Leste are near neighbours; it is in the interests of both to “get on”.

Under the guidance of our excellent tour director, Manny Noronha of Eco Discovery Timor-Leste, we spent three days in Dili, two days in the grand mountains near Maubisse, including a trip down to the south coast at Betano, then a night in Dili on the way north-east along the picturesque coast to Baucau and on to Com Beach resort, with a side trip to Los Palos, before returning to Baucau and then home through Dili. Our program is attached. It illustrates the variety of our contacts, to all of whom we are most grateful for hospitality and insightful briefings.

Timor is an island some 650 kilometers north of Australia, lying 600km north-east to south-west and from 80 to 100 km wide. Much of the island is of rugged terrain with small narrow valleys, which contribute to cultural differences and difficult communications. The highest mountain, Ramelau, is 2,963 metres above sea level. Timor is affected by dry south-east trade winds from May to October and a wet, humid north-west monsoon from November to April.

The country has a long **history**. In the 12th century a race called **Tatum** arrived on the north coast and occupied areas in the central highlands and the east of the island, and lived peacefully with the existing Atoni and others. Their language is the most widespread and has been adopted in the schools.

In the 16th century **Portuguese** explorers, attracted primarily by sandalwood, established settlements in Oecussi and Dili. They were followed 50 years later by the **Dutch**, who settled around Kupang in the south-west. Missionaries soon arrived and spread Catholicism throughout the island. There were rebellions against both the Portuguese and the Dutch early last century.

During the **Second World War**, despite Portuguese neutrality, the **Japanese** in their rapid progress south towards Australia saw Timor as a vital airbase; they attacked the island in February 1942, as Darwin was bombed. Japanese forces were harassed by the Timorese and the Australian Commando 2/2nd Independent Company which operated in Timor despite Portuguese neutrality, a result of previous defence agreements between the United Kingdom and Portugal. Working together, Australian and Timorese units tied up an entire Japanese division and inflicted heavy casualties on the occupying forces. Despite some reinforcements (the 2/4th), the Australians, then known as ‘Sparrow Force’, and some Portuguese and Timorese were evacuated in December 1942 and early 1943. Many of the ‘creados’, who supported the Australians and were not evacuated with the Australian troops, were murdered by the Japanese, who remained in control until their surrender in 1945. Some 40,000 Timorese are estimated to have lost their lives during the war.

We visited the impressive ‘Dare Memorial Museum’ in memory of these events, a joint Timor-Leste and Australian project, associated with the funding of a new primary school for Fatanaba.

After the war **Portuguese rule** was restored and lasted until 1975. In the same year, after internal conflict, FRETILIN, the Revolutionary Front of Independent East Timor, was formed and its armed wing, FALINTIL, under Xanana Gusmao, took control over most of the territory. Australia indicated support for the integration of Timor-Leste into Indonesia, believing at the time that this would best assure a stable, peaceful and non-communist near neighbor, in an uncertain Asian security situation.

The **Indonesian armed forces** began incursions into Timor as early as October 1975. On the 16th of October five Australian journalists were murdered by Indonesian forces during an incursion near Balibo. Two months later, on December 7, the full military invasion of Timor took place, as the Indonesian military, moving by land, air and sea, took control of the key Timorese towns and cities. Indonesian rule was brutal. Thousands were killed, tortured or displaced; many died from malnutrition. In the 1980’s Gusmao split from FRETILIN. In 1993 he was sentenced to life imprisonment in Djakarta. In 1996 Bishop Ximenes Belo and Ramos Horta were awarded the Nobel peace prize. Then, Indonesian Foreign Minister, Ali Alatas, proposed a “special autonomy statute” for East Timor.

In May 1998 Indonesian President Soeharto was replaced by Vice-President Bacharuddin Jusuf Habibie, who was encouraged by Australian Prime Minister John Howard to follow a pathway towards self-determination for East Timor. The next year an agreement was reached between Portugal and Indonesia, under the aegis of the UN Secretary-General, establishing a **popular consultation** of the people of East Timor, which resulted in 21.5% of the population voting for “autonomy” within Indonesia and 78.5% voting against.

The Indonesian military and the militias armed by them then unleashed brutal violence throughout the territory. (Near Com we visited a memorial to four nuns murdered by the militia; behind our Posada in Bacau we saw the Indonesian torture chambers.) Ramos Horta met US President Bill Clinton and other leaders at an APEC Summit, which paved the way for the UN Security Council to authorize the creation of an **international force (International Force for East Timor, or INTERFET)** for East Timor, commanded by Australia and led by then-Major General Peter Cosgrove. Internal peace was quickly restored, with scarcely a shot fired, except on the border with West Timor, which is part of Indonesia (the security threat on the Timor-Leste border with Indonesia has decreased, but failure to finalise agreement on the border with Oecusse and to normalize cross-border traffic, leaves long-standing local disputes unsettled). Thus ended 25 turbulent years of Indonesian rule.

A **United Nations Transitional Administration for East Timor (UNTAET)** was installed and, as outlined below, arranged for the formation of a Constitution. The **United Nations Assistance Mission to East Timor (UNAMET)** now provides continuing administration, training and advice (not always of the highest quality, for example that given by Galbraith). A UN Police Force (UNPOL) was particularly important in stabilising and maintaining the security situation, after the departure of INTERFET. It comprises some 1,600 officers from 42 countries, which at times leads to confusion. In addition there is an Australian bilateral group of 50 police advisers working on the organisation, equipping and training, through the Police Academy, of Timorese policeman. The United Nations mandate is due to expire in 2012. Whether the Timorese force will be ready to take over is a moot point.

In August 2001 **elections** were held for a Constituent Assembly, which the next year approved the Constitution of Timor-Leste as a democratic state based on the rule of law, the

will of the people and respect for the dignity of the human person. The Assembly then became the first National Parliament. Mari Alkatiri of the majority party, Fretilin, formed a Government and Xanana Gusmao was elected President.

(This very brief time-line is based on the 'Archives and Museum of East-Timorese', which we visited, and which holds a very rich store of source material.)

THE CONSTITUTION

(This section of the report is based on the work of Joanne Wallis, a PhD Candidate at Cambridge University, who was a member of our tour group. It provides a framework for understanding the country.)

In order to prepare Timor-Leste for independence, the **United Nations Transitional Administration in East Timor** (UNTAET) oversaw the process of making a constitution for the new state by an elected Constituent Assembly. To prepare the Timorese people to vote in the election and to provide later feedback, UNTAET ran a Civic Education Program between March and July 2001. This Program operated well in some urban areas but failed to reach many rural areas. A parallel Constitutional Commission conducted public hearings; 38,000 people (almost 10% of the electorate) attended 212 hearings held in each of the 65 sub-districts.

In the **Constituent Assembly** election on 30 August 2001 Fretilin won 57.4% of the national vote and 12 of the 13 district seats (the 13th seat of Oecussi was won by an independent), thus giving it 55 of the 88 seats. Overall, 12 parties won seats.

The Constituent Assembly was mandated to prepare and adopt the constitution by an affirmative vote of at least 60. Questions have been raised about the way the Assembly operated and how closely it was based on the 1989 Constitution of Portugal, nevertheless the Constitution was adopted on 22 March 2002 by 72 votes in favour, 14 against, one abstention and one absentee. Under the Constitution the Constituent Assembly, as noted, became the National Parliament.

The Constitution creates four '**organs of sovereignty**': the President of the Republic, the National Parliament, the Government and the Courts. Relations between these institutions are guided by the principle of the 'separation and interdependence of powers'.

The President is the Head of State and Supreme Commander of the Defence Force. His main powers include being able to: promulgate statutes made by the Parliament or the Government; exercise a veto over statutes (although this can be overridden by an absolute majority of Parliament); request the Supreme Court to review the constitutionality of legislation and of Government actions; submit issues of 'national interest' to a referendum; declare a state of emergency; make declarations of war; and grant pardons and commute court sentences. The President also has the power to: dissolve Parliament; dismiss the Government if its legislative program is rejected twice; and appoint the President of the Supreme Court and the Prosecutor-General (Attorney-General). When exercising these latter powers, the President is to be advised by an appointed Council of State.

The Parliament is the legislative organ for domestic and foreign policy. It may authorise the Government to make laws on certain issues, including criminal law, banking and finance, and foreign policy.

The Government is responsible for conducting and executing the policy of the country and is the supreme organ of Public Administration. It comprises the Prime Minister and Ministers and Secretaries of State and their Deputies. The PM and Ministers make up a Council of Ministers.

The Prime Minister, having been designated by the party, or alliance, with a parliamentary majority, is appointed by the President. The Prime Minister is not obliged to select Ministers from the Parliament, although if members of Parliament are chosen they are required to vacate their seat, to be replaced by the next candidate on their party's list. The Government may make laws by decree.

The Courts are responsible for the administration of justice. They are independent and judges have secure tenure. There are three branches: law, administration, and the military. There is a Court of Appeal and four District Courts. The Supreme Court is yet to be established.

According to the report last year of the Independent Comprehensive Needs Assessment of the **Justice System** progress is being made in completing the country's legal framework. The Penal, Criminal and the Civil Procedure Codes have been adopted and progress is being made on the Civil Code (which currently is the Dutch code of 1923 inherited from Indonesia) and the law addressing domestic violence. The lack of a land law is a problem referred to in the Economic section of this report; the problem of evaluating claims is further complicated by the destruction of many records during the violence of 1999 and 2006. More work needs to be done on the development of a Children's Code and the law concerning young offenders (for whom there is a complete gap) and on Commercial and Labor Codes.

The need for **translating** all existing and proposed laws into both Portuguese and Tetum is a major problem. There is an urgent need to train staff in legislative drafting and a standard "legal Tetum" must be developed. We encountered some criticism of the practice of adopting Portuguese law verbatim, without modifying it for local conditions. One example of misapplying Portuguese law is that traffic should proceed anticlockwise rather than clockwise at a roundabout. (We were told that this was of little importance because no one took any notice of it!)

There is an enormous **backlog of cases** before the courts. (This is ameliorated somewhat by the fact that, at the local level, village chiefs settle many disputes.) Fifteen judges are in Portugal for further training and judges from abroad will be needed for some time. The prosecutorial and inquisitorial Portuguese systems, we were told by one of the police officers of the UN force, is also a problem. The police pass cases to the prosecutors, who are ill-equipped to handle them, as are the inexperienced judges.

The Office of the **Public Defender** plays a key role but it also accepts briefs from those who can afford to pay and receives payments from many of them. Private lawyers provide a diverse range of services and importantly are independent of the government. Continuing education is essential.

The Constitution contains extensive protections for **human rights**, which include: rights to equality and non-discrimination; special protection of children, the aged and the disabled, and access to courts. It then outlines ‘Personal Rights, Freedoms and Guarantees’, which include: the right to life; personal freedom and integrity; privacy; free speech and information; and a free press and media. Finally, it outlines ‘Economic, Social and Cultural Rights and Duties’, which include: the right to work; the right to health; consumer rights; the right to a healthy environment; and the duty to pay taxes. (These are largely expressions of hope.)

There are also provisions which reflect Timor-Leste’s history of **occupation**. For example, the right of citizens to resist orders adversely affecting rights and freedoms, the right to self-defence, and the right to private property, which can only be expropriated for public purposes after ‘fair compensation’. There is a general freedom of conscience, religion and worship; and a citizen’s right of freedom of speech, assembly and association.

While the human rights protections appear extensive, the methods for their enforcement are weak. The Constitution creates an Office of Ombudsman for complaints by citizens against ‘public bodies’, whose ultimate sanction is merely to make recommendations to ‘competent organs’. Human rights claims based on international law may be justiciable in the Courts.

The Constitution officially sanctions the new **Army** (FDTL) and the new **Police Force** (PNTL). The Constitution also provides for **political decentralisation** – as decided by later law. Local government is to be constituted by representative corporate bodies to involve citizens in solving the problems of their own community. The Government is actively working on this, using the Australian local Councils model.

The most important historical clause of the Constitution relates to the ‘**Valorisation of Resistance**’, which states that: the Democratic Republic of Timor-Leste acknowledges and values the historical resistance of the Maubere People against foreign domination and the contribution of all those who fought for national independence. (While we were in Com the villagers were meeting to determine who might meet the ‘fought for independence’ test.) This clause requires the state to protect those who participated in the resistance and their dependents. The Constitution also ‘acknowledges and values’ the role of the Catholic Church in the independence struggle. However, the state is specifically required to ‘recognise and respect different religious denominations’.

In addition, the Constitution declares that Portuguese and Tetum are **official languages**. Bahasa Indonesian and English are declared as ‘**working languages**’, to be used within the civil service ‘side by side with official languages’.

RECENT HISTORY

In **2006 riots** started in Dili, apparently over the dismissal of members of the army and differences between those recruited from West Timor and those from the East; violence spread widely. The army and police were undisciplined and many old scores were settled. President Gusmao forced the resignation of Prime Minister Mari Alkatiri and Ramos Horta took over as Prime Minister.

We asked a number of people why there was such widespread violence at this time. Apart from the immediate causes of problems in the army and police force, we were told that it came from Timor-Leste's long history of settling disputes violently, including the battles with the Portugese, with the Indonesians and for independence between the integrationists and those who favoured independence. The displacement of people also contributed, for example many people from Baucau moved into Dili as the Indonesians vacated housing and their new neighbors resented them. Gangs of youths exacerbated the situation. Importantly, President Gusmao used his prestige and popularity to obtain peace within and between the army and the police.

Presidential elections were held in May 2007, which were won by Ramos Horta with 69% of the votes. This was followed in June by the **legislative elections**. FRETILIN again received the highest percentage of votes but was unable to form a coalition with a parliamentary majority. Xanana Gusmao then formed the Alliance of the Parliamentary Majority from the other seven parties, and was sworn in as Prime Minister. Parliament has a complex, combative political culture.

In 2008 President Horta was shot and wounded, the leader of the small rebel group behind the attack was killed, and the others involved were convicted. The security situation has been stable since. An Australian policeman in charge of a sector of Dili, with whom we had lunch, assured us that it was safe to walk the streets at night.

New elections are due in two years time. While we were in Timor-Leste, Prime Minister Xanana Gusmao was touring the regions with the intention of explaining the government's 20 year development program, the prime objectives of which are improved governance, poverty reduction and better food security. We understand that he was also outlining the government's plans to turn the regions into some 13 municipalities, based on the Australian model, and urging support for the major parties in the next election, rather than the multitude of small parties in the present legislature.

As a result of his travels, we were not able to see the Prime Minister, nor, as it turned out, President Horta, who had arranged to attend our farewell dinner, but was unable to do so. The group did not visit Parliament and we spoke to only one member thereof, so, even apart from the limitation of the fleeting nature of our visit, we were not able to obtain a feel for the political situation.

We understand that the President and Prime Minister respect each other but are not good friends. Gusmao has a troublesome back and is a heavy smoker but is expected to contest the next election. Although the elections are some way off, there was a rumor while we were in Timor, based on an indigenous press report, that the Leader of the Opposition and of FRETILIN, Mari Alkatiri, might be interested in an electoral alliance with Gusmao; however, this seems unlikely. Gusmao broke from Fretilin and he forced Alkatiri's resignation as Prime Minister.

It is possible that the Prime Minister is overplaying his hand in regard to the possibility of a gas pipeline from "Greater Sunrise" to Timor-Leste, but Alkatiri supports him on this. Fretilin is still the largest, best organised and financed political party, although there are reports that it is further fracturing. The new generation of leaders is unlikely to come to power until after the forthcoming elections.

FOREIGN RELATIONS

We were briefed by the incoming Ambassador to Australia, Mr Abel Guterres, standing in for the Minister for Foreign Affairs. He told us that he had spent longer in Melbourne than in East Timor and was familiar with the Friendship Associations in Australia. He had been shocked on return to his home village to discover that many people he had known were dead. He found that the national identity had grown, assisted by the need for Timorese to run their own public service and manage their infrastructure. In considering the restructuring of Timor-Leste's regions into 13 municipalities, the Australian model was in mind. The Catholic Church remained strong country-wide and was on the side of the people, which was why the Indonesians had hated it.

The weakness of institutions and the public service had led to the **violence of 2006**, which had shaken the country, but had also stimulated attention on finding a peaceful way forward and to making the police and military forces work together. The slogan now, the Ambassador said, was: "goodbye violence, welcome development". The loyalty of the people is now clearly to the State, rather than to politicians or political parties, but the situation remains fragile.

Australia, the Ambassador said, is Timor's neighbor forever and we must build our relationship on friendship. Some people do question the reluctance of Australia's support for Timor-Leste in 1999. In the context of the gas pipeline that Timor-Leste hopes will come from the "Greater Sunrise" project to its shores, he pointed out that it was in Australia's interest for Timor-Leste to stand on its own feet. He emphasised that the pipeline would be a boon to Timor-Leste, as other pipelines had been to Darwin. The Timorese were a proud people and would stand up for what they saw as their rights; they would not be bullied.

In response to a question about relations with **China**, the Ambassador replied "They offer, we accept", for example the Foreign Affairs building and the Presidential Palace. Timor-Leste needs a Naval component to protect its fishing grounds and it may "buy" ships from China for this purpose. (After our visit the delivery of two 43 meter 1960's Chinese patrol boats was announced.) China is making a considerable effort at a significant financial cost to establish a strong position in Timor. (Some of our interlocutors speculated that China's aim is to gain access to Timor's oil/gas and fish resources.) However, Timor-Leste today also looks towards **other countries**, such as the United States, the European Union, Portugal, Indonesia, Malaysia and Singapore, with the last of which it has a twice weekly air service.

Despite the events of 1999, relations with **Indonesia** are good; a distinction is drawn by the Timorese people between the government and the people of Indonesia, and the Indonesian military, TNI. In 2005 Indonesia and Timor Leste created a bilateral **Truth and Friendship** Commission (TFC) "with a view to promoting reconciliation and friendship and ensuring the non-recurrence of similar events". In July 2008 Indonesian President Susilo Yudhoyono met President Ramos Horta and Prime Minister Xanana Gusmao in Bali to receive the TFC's report. The report acknowledged that abuses had been committed by persons on both sides of the conflict and assigned "institutional responsibility" for human rights violations to the armed forces of Indonesia. The report was accepted by the Indonesian Parliament. Although there was no apology, this helped to improve relations.

Up to 15,000 Timorese are studying in Indonesia, where it is cheaper and they have fewer language problems. Some Indonesian businessmen have returned and there is an active two-way trade relationship.

Timor-Leste would very much like to become a member of **ASEAN**, although it realises that participation in its many aspects would impose a great strain on its embryonic foreign service. It is already a member of the 27 nation Regional Security Forum but other ASEAN countries are cautious about full membership.

In his initial background briefing to us, the Australian Ambassador, Peter Heyward, emphasised Timor-Leste's extensive links with **Australia** through numerous channels. There are still some 50,000 Timorese living in Australia and there are also many personal links through churches, sister-city relationships, friendship groups, Rotary clubs and volunteers. In addition to the many official aid projects, running at \$117m annually, Australia's support for security through advisers to the police at an administrative level costs \$12m annually and we contribution to the International Stabilisation Force, including the UN policing component.

Despite this, relations are not warm. The Australian Ambassador summed up his instructions from the government on his role in Timor-Leste as, 'to be helpful in all ways possible'. His patience is being tested.

RECONCILIATION

As noted in the introduction to this report, Indonesia invaded East Timor in 1975. On a population basis, the Indonesian army committed the greatest **mass killings** since those of the Nazis against the Jews; over one quarter of the population, or over 190,000, Timorese perished. When the Indonesian army withdrew, it destroyed, or took with it, 80% of the existing infrastructure and forced almost half the remaining population to cross the border into West Timor. Not all of those refugees have yet returned.

However, having been ruled by Indonesia for 25 years and being a close neighbor Timor-Leste realises that it must move on. Both countries now recognise each other's sovereignty and Megawati Sukarno Putri attended Timor Leste's official declaration of Independence in 2002. To address the atrocities and human rights abuses committed during the final year of Indonesian occupation, the Indonesia-East Timor Commission of Truth and Friendship (TFC) was established in 2005 but it has proved largely symbolic.

As already noted, in July 2008 Indonesian President Yudhoyono met President Horta and Prime Minister Gusmao in Bali to receive the TFC's report, which acknowledged that abuses had been committed by persons on both sides and assigned "institutional responsibility" for human rights violations to the armed forces of Indonesia. The report was accepted by the Indonesian Parliament.

Although there was **no apology**, this helped to improve relations. However, the terms of reference excluded findings on any individuals and the culprits have largely gone unpunished, indeed TNI leaders who served in Timor continue in senior positions in Indonesia, so full reconciliation has not been achieved.

Internally, UNTAET in 2001 set up the Timor-Leste Commission for Reception, Truth and Reconciliation (CAVR), which functioned until 2005. Public hearings were a key part of the Commission's program to establish the truth about past human rights violations, to assist with the integration of those who harmed their communities, and to help victims of violations to restore their dignity. Teams worked at the village level across the country, providing for communities to come together in a peaceful and reconciliatory way; over 7,000 participated and the Chega report resulted.

At the national level, **public hearings** were broadcast by television and radio across the country to promote a wide sense of participation. Themes were developed on political imprisonment, women and the conflict, famine and forced displacement, massacres, internal political conflict, and children in the conflict. The hearings on women and the conflict were especially important because it was acknowledged that women were particularly vulnerable and suffered specific human rights violations. The hearings contributed to the healing process. Consideration is being given to a follow-up mechanism, possibly an Agency created by an act of Parliament.

THE ECONOMY

Timor-Leste's **gross domestic product** is estimated to be of the order of \$500 million per annum and its population in excess of 1.1 million. It is regarded as one of the poorest countries in the world. The average family size is eight children. **Population growth** is a major strain on economic development; 50% of the population is under 15 years old. The country is 95% Catholic and the rest are Muslims, or expatriates.

Economic activity is primarily **agricultural**, predominantly subsistence - poultry, pigs and vegetables. Poverty has increased since 1999. Rice is grown on suitable sites, mainly at sea level, but the country is a net importer - the terracing seen in Indonesia is rare. Good quality coffee worth \$80m annually is produced for export, largely to the Starbucks chain and Bennets in Australia. A detailed note on agriculture is below.

The **Seeds of Life** program has been operating for a number of years and is confident of improving agricultural yields through improved varieties and growing methods, especially in rice, corn, sweet-potato, cassava, peanuts and coffee. It provides extension officers. AusAID is helping with the re-establishment of three agricultural research stations, which were wrecked by the Indonesians when they withdrew.

The most significant "export" is **oil** from the Bayan-Undien field in the Joint Development Zone (with Australia) in the form of royalties, which are understood to be about \$100 million per month. The continuing presence for another two years of **UN personnel**, especially police, is an economic benefit, akin to exports. Sales of woven fabric (thais) are so far mainly limited to the "workshop door". **Trade** with Indonesia is expanding, accounting for some 90% of Timor-Leste's imports. Indonesia is a major source for education because it is much cheaper than elsewhere and for many students *Bahasa Indonesian* is a known language.

Government outlays are understood to be in the vicinity of \$680 million per annum, of which some \$600 million comes from the earnings of the royalty payments on oil, and about \$80 million from taxes. Taxation rates are low, which the Minister for Tourism and

Commerce hopes will encourage Australian investment, including in production for export to Asia. There are no current proposals for a special economic zone.

The Timor-Leste government in 2005 adopted the practice of the Norwegian government in establishing a **Petroleum Trust Fund** for the oil revenue, which is held in American dollars in New York. It is currently valued at over \$US5 billion. We were told that Parliament is considering increasing the amount of the draw-down, possibly beyond the funds earnings.

Following the withdrawal of the Indonesians the **Public Service** was decimated, leaving an enormous hole in government administration, particularly in contract management and the disbursement of funds. This explains why better use is not being made of the royalty funds. It will take time to fill the gap in middle-management. Some thousands have been sent to Indonesia for training and our Ambassador told us that both the South Australian and Victorian Governments have mentoring programs at senior and mid-levels of the public service.

Foreign aid is significant, providing assistance in a wide range of areas, particularly in food production, health and education. Australia is the largest single contributor, our aid being worth over \$130m this financial year. China has built somewhat lavish buildings for Parliament and for the Department of Foreign Affairs; however, it did so by bringing in materials and most of the workers, thus limiting the value of the aid. There is a proposal from China to build a large heavy-oil electricity generator for Dili, which is sorely needed. The United States (over \$US 25 million), the EU, Japan, Ireland, Indonesia, Portugal and Cuba (300 doctors) are also contributors. There is also much private aid, particularly from Australia, which is discussed below. Loans are obtained from the World and Asian Development Banks.

A number of economic **issues** were noted during our visit, a basic one being the use of the \$US as the **currency**. This decision initially reflected the UN's need to replace the Indonesian Rupiah at short notice in 1999. This deprives the government of control of the country's exchange rate but may simplify dealings with all oil revenues. Interestingly, US banknotes are used for all denominations above \$1, but specially minted Timor-Leste coins for smaller amounts. The Minister for Tourism told us that this is unlikely to change for some time.

Unemployment is difficult to estimate because of the extent of family involvement in agricultural production; however, in urban areas it is clear that numbers seeking work are in excess of 90%. The extent of youth unemployment and the search for "things to do" is a major problem for law enforcement. The government is encouraging youth clubs, such as Judo. This initially had some drawbacks because the clubs formed a basis for gangs, which led to fighting, but this problem is now almost under control, despite a recent misleading article in the *Australian*.

In theory in Dili the **power supply** operates round-the-clock; however this is rarely the case as the electricity system struggles to cope with peak loads. In rural areas, electricity is generally available only in the evening or early morning. There is some solar power and its use could be extended to help overcome the "power gap". We were told of a pilot plant to be installed in Los Palos. When the Indonesians departed they took with them most of the electrical copper cabling, thus cutting off the power supply to many rural villages. This has

affected water supply, because of the lack of power to operate pumps, led to inadequate street lighting, and made the getting to market of perishable production such as fish problematic.

Local industry must generally have its own on-site generation capacity, as the Australian Rotary sponsored East Timor Roofing Company has, because of power supply unreliability. There is no widespread availability of ATMs, cash registers and point of sale credit card facilities which inhibits sales, particularly to tourists.

The group observed at first hand the degree to which the rampages of 1999, which ended the Indonesian occupation, had damaged many of the better public **buildings and houses**, to the extent that they are beyond repair. Another unfortunate aspect of the damaged houses is that many of them were occupied by squatters, including a number who came from outside Dili and who contributed to the ensuing social instability. The settling of claims to property in Dili is complex, drawn-out, subject to corruption and delaying the introduction to Parliament of a new land law. Nevertheless, there are signs of increasing commercial development. Rural communities continue to live in traditional housing and to put up with wrecked government buildings in of their towns.

Timor-Leste has a main strategic **road system**, largely built by the Portuguese with some upgrading during the Indonesian occupation. This is barely adequate in terms of surface quality and width for modern-day vehicles. Hinterland roads are almost invariably unsealed, of poor quality, and in the mountains subject to landslides.

Dili can be reached by **air** from regional locations such as Darwin, Bali and Singapore. The airport is being extended. The airfare from Darwin is high and not competitive with other internal and external destinations from Australia. The Minister for Tourism and Commerce told us that he was endeavouring to encourage competition on the route. There are a number of smaller airstrips in regional centres in good condition capable of handling small groups of tourists but they are currently without facilities and are seldom used, except for a couple operated by the armed forces. Travel by **sea** is possible and the port in Dili is working reasonably well.

The **telecommunications system** relies primarily on mobile telephony, which is surprisingly good in terms of coverage. Television is provided mainly by satellite and we observed satellite dishes in most villages. Use of the Internet appeared to be widespread. Radio services are available in Dili and some other centres.

The level of **education** of the population at large is low; there are estimates that 58% are illiterate. Enormous effort is being put into improving this by both government and non-government organisations, as described elsewhere in this report. This effort is thwarted by language problems and a lack of skilled teachers. Poor numeracy levels, which we encountered frequently, are a restraint even at the lower levels of the economy.

Tourism is limited by the lack of facilities. A number of applications have been made for permission to build hotels and resorts but for some reason, which we did not put our finger on but may be the long-awaited land law, approvals have been glacial. We were told of one potential investor who, after five failed applications, has given up. The problem of language, the prevalence of malaria and prolonged high humidity are inhibiting factors. The presence of relatively large numbers of UN and NGO expatriates has allowed operators of

hotels, restaurants and bars to do well but, as the UN presence declines, it will be important to replace it with tourists. The standard of hotels, from our experience, however, needs to be raised from its current 1-2 star level.

On the other hand, we met an Australian teaching **hotel management** and there is a five-star 150 room hotel being built in Dili with Singapore and Malaysian finance; it is unfortunately being delayed as a result of the discovery of skeletons on the site. A modern Timor Plaza is under construction in Dili.

We stayed in a restored Portuguese **Pousada** in Baucau, which had good standard accommodation, food and cheerful service but the Pousada in Maubisse, despite its position and historical charm, was poorly run and the roof leaked. There are a number of attractive beach locations, fishing grounds and spectacularly beautiful mountains. At the Com resort the accommodation was fair but there was no fruit on the menu during our three day stay, however, the spit roast pig was magnificent. There are possibilities for groups of backpackers and eco-tourists, perhaps packaged with visits to Bali or Penang, although the experience would be different. The company that looked after our program, Eco Discovery, has bookings to the end of the year.

As facilities improve the Minister for Tourism and Commerce hopes that visits by **cruise ships** may be successful; there will be a test visit by a ship in November. Although the Minister did not mention it, a five day **bicycle Tour** de Timor involving 288 riders, both international and Timorese, was held successfully in August last year and was won by an Australian. It is to be repeated in September this year. The Minister also has hopes for the high end of the market and is floating the idea of a **yacht race** from Darwin. Tourism should expand considerably in a few years.

Increased production of local **craft fabrics** may find export markets. The work of the Alola Foundation and its factory, which we visited, and that of the women in Com, showed some promise. The Foundation has a new enthusiastic CEO and is sensibly reducing its dependence on the sponsorship of the Prime Minister's wife Kirsty Gusmao.

The future development of Timor-Leste is heavily dependent on revenues from **oil and gas**, particularly those from the "Greater Sunrise" field in the Joint Development Zone with Australia, if and when it is developed. This is both a practical and political problem.

While we were in East Timor the development consortium - Woodside, Conoco Phillips and Shell - announced that after long consideration it had chosen the floating LNG concept for Sunrise. The East Timor Secretary of State for the Council of Ministers, in line with what we were told by the Minister for Resources, responded, "The nation is firmly committed to building an **onshore petroleum industry**, inclusive of a pipeline to Timor-Leste from the Greater Sunrise field. Timor-Leste will not approve any development of Greater Sunrise that does not include a pipeline to Timor-Leste". The Chief Executive of Woodside, Don Voelte, in turn responded that Timor-Leste was bound by the Treaty it signed with Australia in 2006 under which the Sunrise gas fields were to be developed in line with best commercial advantage. The Australian Government's position is that the question is a commercial one.

A problem for the consortium in piping gas to Timor-Leste lies in having to cross the Timor trench, which is 3 kilometers deep, and the lack of infrastructure, power and skilled

labour, and "sovereign risk". We visited the South Coast where the pipeline might come in and found no port and only a thatch hut. Subsequent to our visit, the consortium stated that the Timor plant option would cost approximately \$US5 bn more than the floating platform solution.

The Timor-Leste Minister for Oil and Resources, **Alfredo Pires**, who lived in Australia for some years and is a Geelong supporter, however, told us that he has advice from expert consultants, Petronas, as well as the locally constituted gas task force, that these problems can be overcome. The Australian Government has asked to see this advice but has not had a reply. Pires also told us that Timor-Leste is not in a hurry to exploit Sunrise and those countries and companies with whom they have spoken, would be prepared to build a pipeline. If there is no development agreement by 2013, he claimed, the project agreement would need to be re-negotiated. There is a pipeline from another field to Darwin, he said, and it would only be fair to have one to Timor. We can merely speculate that these other countries might be Indonesia, China, Japan or Korea.

This apparent **stalemate** raises a number of questions. Has the Timor-Leste government unduly raised expectations, is it naive in accepting advice from other countries anxious to get their hands on the resource, and has it fully considered the ramifications for itself of onshore processing? Has the Woodside Consortium clearly understood the Timor-Leste government's expectations and shown sufficient sensitivity to them? Does the Consortium appreciate Timor-Leste's power to delay and then withhold approval of the project? Whatever the solution, the Timor-Leste government will receive 90% of the royalties from the development of Sunrise, if it goes ahead. Has the possibility of the consortium assisting Timor-Leste with the construction of a plant to receive gas from 'Sunrise' by ship for firing a critically needed electricity generating plant, or some other major project support, been considered? Time will tell how the stalemate might be resolved, but it will not be tomorrow.

AGRICULTURE

The agricultural sector provides approximately 80% of employment. It is largely **subsistence**; average plots of land are 1.2ha. Suggested by health professionals we met, and evidenced through poor nutrition in villages, produce is often sold to market before the needs of the family are met. There are current government and NGO campaigns to educate villagers that subsistence must be a priority before cash sales. The 'Seeds of Life' program within the Ministry of Agriculture and Fisheries is working to improve efficiency in the agriculture sector, which will produce surpluses.

The mountainous terrain and harsh **climate** presents a challenge to the agricultural industry. With steep slopes and often poor soils, arable land is estimated at only 8%; approximately half of this is currently being employed under permanent crops. Climate is tropical; hot and humid with distinct wet and dry seasons. Whilst water is readily available and rivers are often raging torrents during the rainy seasons, there is little rain and some rivers often stop flowing in the dry season. This means a limited growing season and surplus needs to be stored for the dry season. Water capture (tanks/dams) and irrigation needs to be implemented to extend this growing season, improve profitability and prevent seasonal malnutrition.

Agriculture varies across Timor-Leste. Lowland areas, especially around Bacau, Manatuto and towards the eastern tip of the island are important for **rice** production. Where there is

permanent irrigation and terracing two crops per year are possible, as opposed to the single, standard wet-season crop. Viqueque is another important rice producing region that can potentially produce two crops a year due to favourable rainfall. Central highland areas are important for coffee, sweet potatoes, candlenut, soybean, pumpkin, and oranges and the reliable rainfall allows cultivation of many types of temperate, market-type vegetables. Maize is grown extensively on both hills and lowlands; other important crops include cassava, taro, banana, vanilla beans, legumes and other market-type vegetables.

Coffee is by far the biggest earner. Developed initially due to a demand for local coffee by Portuguese colonists in the early 1800's, the industry is now well established. Poorly maintained plants, however, make for poor harvests and efforts are being made to encourage regular pruning to increase output. A visit to a coffee processing plant near Maubisse supervised by the CEO of Cooperative Café Timor gave us insight into the industry. The cooperative has approximately 2000 members, the majority of whom are small-scale coffee farmers. USAID supports the project, providing tanks, replacement seedlings, shade trees and advice on pruning and diversification. The Cooperative's profits (about \$800,000 a year) are distributed to local health centres to avoid disputes on shares.

On our visit to the Don Bosco Technical School in Dili, we noted a stockpile of hand driven, mechanised cultivators that were partially obscured by grass and weeds (and slowly rusting). These were a donation from the Indonesian government and, whilst their potential to make farming more profitable seemed obvious, practical distribution, maintenance and fuel costs appear to be a problem. Their benefit was on display on the drive from Bacau to Com where a number of similar tractors were being put to good use.

Forests of palm trees lined the road in this area and the sap extracted from the cut flower was being harvested by locals to make **palm wine**. This sap is fermented to make a sweet fruity drink with varied alcohol content (depending of the length of fermentation). This palm wine was sampled by members of the tour on more than one occasion.

On the outskirts of Dili and throughout the remainder of the country, **goats, chickens and pigs** are commonly seen, usually unfenced. Goats are raised only for meat despite their potential for milk. Anecdotally, ducks are preferred to chickens as they have longer life spans. Chickens are said to live for only 1 to 2 years, dying prematurely of unknown diseases.

Cattle are prominent on the eastern end of the island; these are predominately Balinese cattle and water buffalo, many of which were taken by the Indonesians on their departure, with few dairy cattle. This area has great potential for grazing and may benefit from pasture improvement (identification of quality native grasses and/or the importation of exotic grasses). Current management is limited to free grazing with minimal supplemental feeding. Ownership of cattle confers social status in villages. Farmers are reluctant to slaughter these animals and slaughter is usually carried out only on special occasions – funerals for example. The skulls of these animals are placed on the gravesites and make a dramatic animistic display juxtaposed to catholic headstones and symbols.

FOREIGN AID

Foreign aid is important to the overall economy and has been discussed in the economic section of this report, however, we visited a number of projects which illustrate the special value of this aid, particularly to education and health. There are 25 projects in Timor-Leste supported by Australian Municipalities, Friendship Associations or Rotary clubs. Those we saw are worthy of special mention.

The East **Timor Roofing and Training** Project in Bacau is a joint project between the Rotary clubs of Melbourne, Doncaster and Lilydale, which was established in 2000 on an old market site. The factory was constructed and equipped to roll corrugated iron and steel structural sections from flat steel coils for roof construction and in the process to train Timorese workers. It now also manufactures steel roof trusses, guttering, water tanks, grain silos and general sheet metal products. The factory is valued at \$1 million and is economically viable. It employs some 22 local people, supervised by an expat manager, Norman Bruce. It is an approved supplier to the Ministry of Education for the current schools rebuilding project. It is facing competition from lower quality lower-priced imports even though they don't meet the Ministry's specifications.

The company is to be incorporated with limited liability in Timor-Leste; the shares in the holding company in Australia are held by the three Rotary Clubs. The surplus funds generated are used for the expansion of the project and for local humanitarian projects. In conjunction with the manufacturing facility, a Bacau campus for the Dili Institute of Technology was established by a grant from the Shell Foundation in London. Timorese trainers were trained in Victoria and returned to establish a syllabus and commence operations. To date some 130 young Timorese have received training and members of the army are also currently undergoing a 13 week basic building skills course.

In addition, the Rotary group supports Info Timor by providing accommodation for a training centre. Info Timor is a not-for-profit enterprise using information communication technology to refurbish used computers for those who can't afford new ones. Rotary also supports the local NGO, Tuba Rai Metin, which is a successful micro-finance organisation offering loans to women to establish small family businesses. It has operating offices also in Dili, Los Palos and two other towns.

We visited the **Connossian Centre for girls** in Bacau, which trains 60 high-school level, rural, women, from across all 13 districts, on a 10 month skills program. The students pay a fee, either in cash or in kind, for example a pig. It is run by nuns and is subsidised by a German Catholic group. It also runs a night course for external men and women on hotel and restaurant management, which includes computer training.

The students are taught sewing on Singer treadle machines, learning especially how to make school uniforms and other saleable items. Some of the teachers were trained in Indonesia in machine embroidery, which sells well. The students also learn finance and computing, and how to make soap, which is sold in their shop. They also make a dietary supplement from herbs, which is sold in the shop and to local clinics. Cooking for a family and commercial use is a popular course; we were invited to dinner, for which we paid, cooked by the girls and we can vouch for its quality. Music classes are popular, involving keyboard, guitar, violin, drums, traditional instruments and singing as a choir. The girls are expected to carry the skills they acquire home to pass on to their villages.

The cultures of the different regions are taught by the girls from one to the others. We were invited to a cultural evening at which the girls performed little local plays, mainly on the subject of selecting a suitable husband and arranging the bride-price. We responded with a lively version of *Waltzing Matilda*, which was greeted by some puzzled expressions.

The director of the Centre, who is married to a Timorese, is an extremely impressive woman. The Rotary Club of Melbourne equipped the Centre with its sewing machines and its computers.

The **Laho Silk Production and Training Centre** was started in 2000 by a priest (Father Pat Mac Anally) who had set up a similar project in Indonesia. Laho is an acronym of Tetum words which mean 'the future starts today'. It is near the village of Triloka. The community gave 7 acres of land, cleared it and helped set up. The project responded to the call by the Food and Agriculture Organisation (FAO) of the UN for a project such as this. It builds on projects already being undertaken in Timor-Leste in agricultural and fabric production.

Our hostess for the visit, Helen Mapp, told us that the enterprise is now 'more or less established' – in 2009 it entered into sufficient sustained production of eggs to replace silkworms received from Indonesia. It operates with 19 staff – 15 of these are permanent and four are on contract. Ages of staff range up to 70 years! There are 6 acres of fast growing Mulberry trees and some Australian fruit and hardwood trees are propagated. Sales are made only via the on-site shop (which some of the group later patronised).

Silk production in the world is decreasing – hence the opportunity. Constraints upon Laho responding include lack of capital (only some project oriented funding has been obtainable). Equipment is in poor repair and there is a problem with mice. Funding of wages and salaries is uncertain. Weavers are paid \$US 75 per month. At least \$60,000 is needed for equipment replacement.

Helen is at Laho as a result of placement by AVI. Her term ends in June. She would like to stay on. The major 'labour' activity is feeding the worms, of which there are tens of thousands – they need feeding four times a day. Different types of mulberry leaves are required for worms of different ages.

Activities undertaken at Laho include: planting of mulberry trees; breeding and hatching the eggs; raising the worms; spinning of cocoons by the worms; processing the cocoons into thread; and weaving the silk into cloth. 20 cocoons are required for each bobbin of thread. Two metres of cloth can be woven in a day. Natural dyes are used.

Two Indonesians from Java were at Laho for six months to train laboratory staff. There is no difficulty in using Indonesian training and advice; the employees can speak their language. People differentiate between the Indonesian people and the Military.

Aside from its focus on silk production, Laho provides training facilities in aspects of silkworm cultivation, textile and mulberry production and fruit tree cultivation.

We were fortunate to have as a member of our tour group Dr. David Price, who is President of the **Friends of Los Palos** group based in the Mornington Peninsula. David has been lobbying, particularly AusAID, for a coordinator on the ground for its projects to ensure the follow-up and training necessary once a project has been initiated. We saw many foreign funded buildings and facilities in states of disrepair.

The first project we visited was an **agricultural farm** and garden where we saw masses of mahogany seedlings being loaded into a utility truck for distribution to the farms in the

region. We also saw the generator and pump donated by Mt Eliza Rotary, which provides water for the farm. We then visited the primary school, which was shut because they have classes only in the morning, but we were told that the 500 children attending the school have no toilets and we saw how bare and crowded the classrooms were.

Then in Los Palos we called on Dr. Monica Liddle and her husband Tom who work in the **Immanuel clinic**, run by the Protestant Synod in Dili. With five Timorese nurse assistants, largely trained on the job, they see and treat 70-100 patients a day. They had few basic medicines and had to work at night when the town electricity comes on to process the TB slides and malaria blood tests. A generator is urgently required.

Next we visited the Esperania NGO **Community Centre**, which had been donated by the Mornington Friends of Los Palos, and, in David's words, were 'horrified to see a cesspool of mud' from a malinstalled, malfunctioning toilet at the back of the Centre. David stayed in Los Palos to meet with a group of teachers, who were grateful for illustrated Australian art books sent from Mornington. We also met an impressive Ugandan, Brian Curtin, who is working to establish a sustainable orphanage for 40 young people.

The **Good Crocodile Foundation** is funded by a number of church organisations and Rotary clubs in Australia, Germany and the United States. The new building was largely provided by AusAID. In addition to operating a Clinic, the Foundation is involved in agricultural extension, farm machinery maintenance, and small business training and supervision. Work is proceeding with 5 farmers groups of 15 each.

The doctor in charge of the Clinic, Christian Scip, is German, her nurse Julie Soumes is an Australian volunteer (AVI). Their focus is on **health education and preventive medicine**. Medical supplies from Europe are sufficient. A mobile clinic will be expanded. Two young women from Triloca village are on scholarships for three years of nursing training in Indonesia. A water/sanitation plan for two villages has been prepared with help from Baptist World Aid; funding is needed.

Next door, four villages around Triloca came together to work with a group from Western Australia to renovate the village hall for community meetings and training. It provides a sense of ownership and pride.

The principal **health problems** are pulmonary disease, malnutrition and, particularly in the wet season, dengue-fever, malaria and snakebites. Three villagers died from snakebite last year. Those bitten can be saved if treated immediately. The remedy used is patented with a German company by an African medicine man. It involves the use of a ground buffalo bone pressed into a tablet called a "black-stone". Having been applied for a few days, the bone absorbs the poison and falls off. The bone can be used again if boiled in milk and then sterilised. The clinic claims great success with this treatment, however, it has yet to be scientifically proven. The Clinic supplies a contraceptive injection, which lasts three months. The injection was compulsory during Indonesian rule.

The clinic provided for us a buffet meal of local produce, including boiled rice and a cold potato with a purple inside. Many of us donated US\$15 each for the purchase of mosquito nets for the malaria project.

EDUCATION

With half the population of school age and their education neglected until recently, education is both an enormous challenge and a fundamental need. Literacy levels are estimated to be below 50%.

The Indonesians destroyed the small **University** in 1999 and teachers and students were scattered. The new University has been assisted by USAID but has only a tiny budget. Australia has helped in restoring an Agricultural College. There is not only a tremendous shortage of schools and equipment but there are few qualified teachers. We also saw the overcrowded and dilapidated state of many classrooms; but there is hope with many private aid organisations providing assistance.

The **Education Department** employs some 3,000 teachers but few of them have completed grade 9. As a consequence teachers become frustrated, students are bored and corporal punishment is common of both boys and girls. Many parents prefer to keep children at home, especially in rural areas. Basic education seldom leads to jobs, because there aren't any.

There is a severe **language** problem. Students are taught in Tetum, which is the basic language of a little over half of them, and Portuguese in primary school. English is not taught until secondary school. To illustrate, we spoke to an Indonesian nun who has good English but her Timorese companion has virtually none, yet the companion teaches English, coached by her sister nun! There are also problems in regard to the **status of women**.

The **ALOLA Foundation** was established in 2001 as a gender based anti-violence advocacy group. Our host for our visit to the Foundation was Alita, who was appointed Chief Executive Officer last year. Illness prevented the founder, Kirsty Sword Gusmao, wife of the Prime Minister, from receiving us as planned. She has been gradually withdrawing from active leadership of the Foundation over the past few years. Alola was the nickname of a 16 year old girl, Juhana, who was kidnapped and taken to West Timor, where she is a tenth wife and has four children. Alola keeps in touch with her mother in Suai.

The Foundation has four **main programs**: advocacy, education and literacy, maternal and child health, and economic development. It has a staff of 132 across all 13 districts and a second office in Bacau. The Women's Resource Centre, funded by the Ministry of Education and UNICEF, teaches literacy, computer usage, CV writing, internet access for advanced students, and life skills for young men and women.

In the districts, Alola engages with **community groups**. Its work in women's and infant health is particularly important because of high maternal mortality rates. Emphasis is placed on nutrition, based on local foods and breastfeeding.

The Timor-Leste Women's Movement partners Alola in its **anti-sexual violence** campaign. Victims tend to approach traditional community leaders for justice and often receive compensation, even a buffalo. The campaign is encouraging reporting of abuse to police and this is having some success. A domestic violence law is expected to be passed soon. Anger management courses are also provided. Society is patriarchal and highly dependent

on men. A new group "Men against Violence" is supporting the work of the women's network in educating women to stand up for themselves. Alola encourages discussion in families to influence men's attitudes. There is an education program, which includes broadcasts, T-shirts and similar devices.

Alola provides training in the **handicrafts**, including design, quality control, pricing based on costs and marketing. As well as local outlets, there are 'tais' shops at the airport and stock is being sent to Australia. Well advertised Christmas fairs are held, mainly aimed at foreigners. Kirsty Gusmao is used very effectively as a model.

The **livelihood** program provides hands on skills for women, such as poultry farming (ducks have been found more disease resistant than chickens), sewing and vegetable growing near houses with the slogan "feed your family first". There are 39 savings groups of 30 to 50 women, each contributing \$0.25 a week, from which loans are made to members to be repaid with interest.

Political participation by women is encouraged; there are 29 current female members of Parliament, from both major parties, and there are now nine women Chiefs among the 442 elected community leaders. Statutory requirements for the proportion of women membership of various bodies are under consideration.

We also visited the Foundation's '**Tais' Factory** for weaving the 'tais' it sells, managed by Ophelia. The employees work from 8 AM to 4:30 PM, with an hour for lunch of rice and vegetables cooked and paid for by themselves. A remarkable chap called Alex, with no formal education, maintains the equipment. He contracted malaria and an Australian doctor arranged for him to go to Australia, where he worked on Singer sewing machines. On his return he became an Alola security guard, then his present job.

The factory buys commercial thread from Surabaya; in the districts they grow their own cotton, which they spin and die themselves. Some groups are growing their own herbs to make their dyes. The designs are generally unique to a particular village. There is one design from Oecussi which uses a special loom. Alola is researching designs and documenting their history, which may assist in marketing the 'tais'.

The **Dili Institute of Technology** is a private, not-for-profit, institution, headed by Director Estanislau Saldanha, and supported by a number of donors, including the Ministry of Education, Kirsty Gusmao, the Director himself, Victoria University, the Rotary club of Melbourne, and the University of Western Australia. Staff have also come from Australian Volunteers International and New Zealand volunteers. It has links with Catholic institutions, including the Teachers Training College in Bacau and the Dili Theology College, and with Indonesian universities, including in West Timor. The running cost of the Institute is approximately \$US 18,000 per month.

Initially the Institute concentrated on business management but has expanded into the areas of most need, such as building, engineering, science, finance, IT, tourism (it is important to prepare Timorese for employment in this area), and public sector management; recently a school of petroleum studies was added. Courses are generally for four years full-time. It is difficult, particularly in economics and physics, to get students up to standard. There are now over 1000 students, of whom 40% are female. Some 80% of graduates find jobs. The troubles in 2006 severely affected the Institute's numbers for a time.

Language is a problem. Most teaching is done in Indonesian. Students can choose whether to write essays in Tetum or Bahasa Indonesian. The Director would like to deliver some courses in English so is looking to train staff in the language.

The **Don Bosco Technical School**, which we visited, is run by a 150 year old Foundation in Rome. It survived the Indonesian invasion in 1999 and with the help of the United States Embassy, it provided facilities for 14,000 refugees from the violence for two years. The Principal, Father Tran was placed in solitary confinement and tortured for 3 months. Yet, like so many we met, he told us that he holds no grudge against Indonesia; it was a monumental mistake for them to have used force rather than persuasion, he told us.

The College, which receives some support from the South Australian Government, provides basic six month courses in carpentry, masonry, mechanical and electrical engineering and welding (plumbing is also covered) for 20 students in each stream, leading to a **Basic Skills Certificate**. All students attend English classes twice a week. Most graduates find employment. The College has links to industry and Government and aims to support infrastructure development. There are some scholarships available (five are provided by an ex-member of Sparrow Force). The College plans to expand its intake, upgrade its facilities and provide greater access for children from villages, as more finance becomes available.

We also visited the **Instituto Catolica para Formacao de Professores (ICFP)** in Bacau, where we were received by the Director, Brother Fons van Rooij and his Timorese Deputy, Maggie Beck. The residential Teachers College was established in 2001 and spent two years training competent teachers to become members of the professional teaching staff. There are now 20 members of teaching staff, 20 support staff and six security staff. The annual intake since 2003 has been 50 students from all 13 districts. The cost for each student is a little over \$US1,000 a year. 253 teachers have graduated with the degree of Bachelor of Teaching from the Australian Catholic University.

The ICFP is the only college in Timor-Leste that can deliver an internationally recognised degree. Bro. Fons told us that the accreditation inspection was quite a strain but they came through with 'flying colours'. The 'drop-out' rate of students is very low, although some students have had to postpone due to pregnancy. During the semester breaks ICFP runs a certificate program in "teaching and learning" for those teachers who have never had any educational formation. This program has been endorsed by the Timor-Leste Ministry of Education. An 'early childhood' teaching program is being considered.

The Minister of Education recently asked ICFP to increase its student intake to 100 a year. Bro. Fons responded that the College was not an NGO and it would need significant government funding for extra buildings and to employ staff to be able to do so. This is not in prospect.

The old domed two-storey military hospital in Dili has been turned into an arts complex, **Arte Moris**, housing several resident artistes and a number of students. It contains for sale many quality paintings and sculptures, spatially exhibited, with further sculptures in the grounds. Many of the students are developing their skills as a form of therapy to overcome the traumas suffered in the past decade. Art Moris has held exhibitions in Australia. There is no Art subject in schools so this complex is important. It is also of interest for tourists.

Despite Timor-Leste's genuine aspirations to improve education and the commendable efforts of the Department of Education, and the assistance of Australian public and private aid and that of the United States, Italy and others, there is still an enormous gap to be closed in personnel, facilities, and standards.

HEALTH

The poor **health** of much of the population, especially because of malnutrition, TB, malaria dengue-fever, and HIVaids is a major problem, requiring and receiving much attention. It also, of course, has economic implications. Nutrition is poor and, as was emphasized to us, there is a general lack of knowledge about it. The ALOLA Foundation is especially active in maternal and child health. Many of the foreign aid programs we learnt about provide health education support and treatment of illnesses, as described above.

The International Federation (ICRC) partners **Timor-Leste Red Cross**, which is represented in all 13 districts; the Director, Isabella Guterres, told us that it now has a staff of 100 experienced people, mainly volunteers working without insurance but with some cover from Geneva. It operates independently of the government but expects to receive a grant for a new building. National Red Cross organisations, including Australia, Indonesia, Spain and Japan have bilateral programs.

Red Cross responds to **community needs** and their decisions on priorities and levels of participation are taken locally, where the people themselves must do the work with the materials supplied. It undertakes international humanitarian work in cooperation with the police and youth groups, whose co-operation has been wonderful, but does not do anything in the area of trauma. Red Cross has run tracing work to reunite families and it delivers letters to refugees in West Timor. It runs first aid training courses and assists in cases of disaster relief, even supplying tree seedlings to help prevent erosion from flooding. It does not have a blood program but supports work in that area.

Red Cross has a major malaria prevention program, is treating many skin problems and tries to cope with denge-fever and HIV aids. Funding is received for water, sanitation and home hygiene programs, improvements in which are fundamental to success in improving the general health of the population.. It distributes condoms and encourages the use of an injection for the same purpose; even some Bishops encourage the use of condoms. Cleaning up the many unhygienic drains from the city of Dili into the sea is outside its mandate.

CONCLUSIONS

Timor-Leste is the newest country in Southeast Asia and Australia's closest neighbor. It is extremely poor and carries a great deal of baggage. The Portuguese did little to develop the country. Although the Indonesian interregnum did invest in infrastructure this was largely destroyed during the violence which accompanied its withdrawal and the 'scorched earth' policy that it adopted as it left. The public service was decimated, there was only a small middle-class and education has been sadly neglected. The population is unbalanced, caused by the killing of so many men by Indonesia (and by its own violence), and by the enormous birth rate and serious health problems. Unemployment is alarming.

The country has a major advantage in its democratic system, although its parliament is immature and has a complex, combative political culture. The lack of one common language and the adoption of Portuguese (well understood by only 5% of the population) as the main language of government is a significant disadvantage. The Catholic Church is a great social benefit, and played an important role in supporting the Timorese people during the Indonesian occupation; however, its policy on birth control contributes to the high birth rate and associated social problems.

While, as this report shows, Timor-Leste is facing significant challenges, we were struck by the real effort to overcome them by the Timorese themselves and also by the goodwill shown by the rest of the world to support them in their endeavors. This is manifested by the ongoing significant presence of the United Nations and that of a number of important countries through their representation and aid programs, and by a large number of non-government organizations, including community support groups, particularly from Australia. We were proud of the Australians we met involved in this effort. It will be vital for the country's future that these efforts continue in recognition of Timor-Leste's aspiration to become a respected and self-sufficient nation.

Yet it must be acknowledged that, although \$US 8.8 billion has been spent on Timor-Leste since 1999, it is difficult to identify the tangible development benefits for the population. Perhaps too much went to international advisers, contractors and security personnel, in contrast to those, such as Australian friendship groups and NGO's which, as we saw, attempt to promote sustainable development at the community level, particularly in health and education.

The country has few economic assets, although coffee is doing reasonably well and the prospect of feeding itself is fair. Agriculture is still mainly subsistence. Foreign aid, both government and private, has been significant but may decline in 2012 when the United Nations mandate expires. Tourism, fishing and timber are likely to grow.

Timor-Leste is thought to have its own oil or gas assets but these have not yet been established. Its greatest asset is its 90% share of royalties from the gas of the Timor Sea Joint Development Zone with Australia, the \$US5 billion capital of which is wisely held in a trust fund in New York; the income supports the budget. The government of Timor-Leste has high hopes for the "Greater Sunrise" gas field being developed by the consortium of Woodside, Conoco-Philips and Shell, largely in the Joint Development Zone, believing that Timor could become the site for processing the gas, with the enormous spin-off that this would bring, in addition to the royalties. However, the prospect for processing in Timor is, to say the least, problematic.

Despite the fact that Timor-Leste would probably not exist as it is today if it were not for Australia's help in achieving an act of self-determination and, through the United Nations and our army, a satisfactory security situation, relations between the two countries are not warm. This is partly due to interpretations of Australia's presence in East Timor during the Pacific War and its failure to protest the Indonesian invasion in 1975. Australia is the largest government and private aid provider.

While people to people relations are good, in recent times this seems to count for little at a government to government level. The thorn in our side may be what is seen in Timor-Leste as the failure of the Australian Government to persuade Woodside and its Consortium to

spend the extra \$5 billion Woodside claims it would cost to process “Greater Sunrise” gas in Timor. Perhaps patience will be a virtue. We trust that our short tour may have added to the goodwill that nevertheless exists between our two people.

RECOMMENDATIONS

It is recommended that:-

1. In planning its annual program for each of the next few years the AIIA give consideration to ensuring that there is at least one meeting each year that focuses on Timor-Leste. Aspects that could be considered include the country's relations with Australia and the major powers, such as the US and China, its relations with countries within its region, its economic and social development, especially the role of resource development, its ongoing efforts to improve the management of its own affairs and the role of the United Nations and NGOs in the country's development. It would be desirable for "Australian International Affairs" and AIIA's publishing.
2. The youth group of the AIIA - ACCESS - be encouraged to organize their own study tour. The object of the tour might be to assess how best young people in Australia could work with and assist the young people of Timor-Leste.
3. Members of the Study Tour Group take every opportunity to speak to groups of Australians whether privately or to groups, associations, clubs or conferences about Timor-Leste, its history, its people and its aspirations. Although close to Australia Timor-Leste remains relatively unknown to most Australians. Study tour members may help change this by speaking to as many groups as possible.