Timor PM's party under scrutiny over political donations

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This weekend, East Timor will see the installation of the new head of state after the recent presidential elections.

But it's also facing a parliamentary poll in less the two months time and it looks like it is going to be a tough political fight.

The Global Organisation of Parliamentarians against Corruption in Timor-Leste has referred claims of illegal political donations to the country's Anti-Corruption Commission, Prosecutor-General and the National Election Commission.

Local media have reported Prime Minister Xanana Gusmao's party, the CNRT, raised more than $2.5 million in political donations - much of it in apparent violation of Timorese law.

The donations have come from a range of local and international companies that have also won large government construction contracts.

Presenter: Bill Bainbridge

Speaker: Fernanda Borges, Chair of GOPAC Timor Leste and the Parliamentary Leader of the opposition National Unity Party

BORGES: The claims are based on a fundraising event that the Prime Minister, Xanana Gusmao, did for his party recently in Timor Leste. They are illegal because these companies are foreign companies or individuals which is by law prohibited to donate political funds or funds to parties. Also included are national companies which also prohibit donations to political parties. Only individuals in Timor Leste are allowed to fund political parties. However the law is quite clear in that they have to provide the funding through bank cheques in order to ensure that companies are not laundering money through the directors to political parties.

BAINBRIDGE: So why is that, why shouldn't companies be able to donate to political parties in East Timor?

BORGES: It's in order to prevent corruption. Mr. Gusmao campaigned in 2007 to fight corruption and because of that we have approved the UNTAC Convention, the Convention Against Corruption and since we have been fixing our national laws to prevent corruptions from taking hold. This donation activity by CNRT clearly violates our laws and because of that, the rule of law is not being upheld. This is critical as we celebrate our ten years of anniversary. We need to have the rule of law, everyone upholding the law in Timor Leste in order to have good governance, democracy in place firmly to embedded in our society, so that then poverty can be reduced and in the next ten years when we celebrate 20 years again, we will be able to say that the people of Timor Leste have improved the living standards, and no longer live under the poverty line and the oil money which we have now in our coffers have been used, invested to generations and for the well being of the Timorese society that are currently living in Timor Leste.

BAINBRIDGE: But surely the CNRT isn't the only party to have received political donations. I mean do you have the backing of the other parties in the parliament in your calls for an investigation here?

BORGES: Well, the issue now is what evidence we have before us. We are calling for an investigation. Previously we questioned Fretilin's donations, assistance that they got for a Congress, for the voting of the Secretary-General, Mari Alkatiri and the President of Fretilin Party, which was seemingly done in this fashion. It was questioned, it was brought to the attention of the authorities. Nothing was done. This was done in the parliamentary forum. Now CNRT is blatantly doing it again. As chair, executive president of GOPAC, Parliamentarians Against Corruption, we cannot sit by and allow these type of action to continue. It will mean that corruption will become endemic.

BAINBRIDGE: You are the chair of GOPAC, but your also a political opponent of the CNRT. Shouldn't you be making these claims...
more in your role as opposition leader than in your role as a chair of GOPAC?

BORGES: I am also making in my role as Opposition leader. I have sent a request to the prosecutor and the Tax Commissioner to invest and what we're asking is investigations. What we've had so far is media reports of that evening, the fundraising event. Now what we need to do is investigate. We need to put in real institutions that work to ensure that the laws are violated. The competent institutions need to investigate. As a politician, I have done my duty, I have raised it public attention, I have taken it up and have asked for an investigation. I have also verified the laws and they're in clear violation. Now what needs to happen is a clear investigation.

BAINBRIDGE: Are the other parties backing you in that though? Is Fretilin behind you in this push?

BORGES: Well, it's difficult for Fretilin. As I mentioned earlier, Fretilin also carried out a fundraising event similar that late, late last year to fund their Congress, so they're a particular bind at the moment and PD, the President of PD, which just happens to be the president of the parliament has made a statement that he considers this to be corruption. But I've discussed it with them. They're not willing to come forward publicly and make this announcement. We cannot stand by my party and watch corruption take hold, particularly I am conscious of my moral role as a parliamentarian against corruption and particularly because of my specific role as president. I need to report this and I need to take it forward and ask for investigation. If the investigation proves that nothing and no violation took place, then that's fine. But a competent authorities need to now investigate. We have set them up for this purpose and we need to ask them to do their work in order to give the Timorese the comfort that corruption is not being encouraged by politicians and by parties.

BAINBRIDGE: If it does find that a violation has taken place, what kind of penalties apply?

BORGES: There are strict penalties in the political financing laws. It's very clear there. Leaders of political parties, individuals, or managers of corporations or companies who breach these laws or rules face a penalty of six months to years imprisonment or a fine of $500 to $5,000. This is Article 23 of our legal regime for the financing of political parties, law number six/2008. In addition to that, there is also our penal code. There are various clauses in the penal code which prohibit this kind of activity on corruption, so naturally the prosecutor will have to investigate with the Anti-Corruption Commission and justify what charges will be appropriate.

At this stage, we're asking for an investigation, because it is clearly in violation of the political financing laws in this case at the moment.