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Doubts cling to Dili deal

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Chris Ray reports on links between a compromised Australian developer and East Timor's government

PUBLIC concern over cosy links between property developers and government decision-makers in Australia was heightened by the NSW Independent Commission Against Corruption's exposure of graft and sleaze involving Wollongong City Council last year.

Now links between developers and politicians are under scrutiny in East Timor.

There, a central company in the Wollongong scandal has emerged as the most visible of a handful of foreign companies to seek real estate opportunities in a territory still heavily reliant on Australia for aid and security support.

The Wideform construction and property group was a leading beneficiary of corrupt dealings with Wollongong council.

A \$31million apartment complex built by Wideform and half-owned by its chairman was an "unlawful" development that gained council approval through corruption, according to ICAC.

At the same time as developer gifts to council staff were greasing the wheels for Wideform-built Wollongong apartments, the company was pioneering Australian private investment in East Timor.

Despite political upheaval, murderous street riots and a lack of property rights and business laws, Wideform plunged into the fledgling property and tourism sectors with crucial support from East Timor President and Nobel Peace Prize winner Jose Ramos Horta.

Ramos Horta, when prime minister, arranged what was officially termed "fast-tracked" approval for Wideform to lease from his government a prime development site in the East Timorese capital Dili without a tender or competitive bid in 2007.

Inquirer has sought comment on relations between the East Timor government and Wideform from both Ramos Horta and Wideform chairman and managing director Fernando (Fred) Ferreira. The latter has extensively denied any impropriety or favouritism in a statement to Inquirer.

Former justice minister Domingos Sarmento, who signed the 15-year lease, now says he did so reluctantly, under "strong pressure" from the then prime minister. He says the government should have sought expressions of interest in the property and describes Ramos Horta's conduct in relation to Wideform as "highly irregular". Wideform says it has tendered for a variety of sites in East Timor and won and lost bids.

Ramos Horta, who was wounded last year in an alleged assassination attempt, has heaped state honours on Wideform's owners, Ferreira and his wife, Estela.

As President, Ramos Horta recently bestowed the Medal of Merit on Fred Ferreira for his unspecified "special contribution" to East Timor. The medal is intended to honour those who make "a significant contribution to national peace and stability", according to a decree.

Ramos Horta had earlier appointed Wideform's Dili general manager Estela Ferreira as an East Timor goodwill ambassador. The company subsequently appointed Ramos Horta's cousin Eduardo Santos, a Portuguese restaurateur, as business operations manager of another of its Dili purchases, the 87-room Hotel Novo Horizonte.

Fred Ferreira owns half of Wollongong's contentious Victoria Square building, the apartment project central to the ICAC inquiry, which led to the sacking of the Wollongong council.

The NSW Director of Public Prosecutions is considering whether to prosecute Ferreira's long-standing business partner and co-owner in Victoria Square, Bulent (Glen) Tabak. ICAC found Tabak corruptly provided gifts to council senior planner Beth Morgan and senior manager Joe Scimone to obtain favourable treatment for the project, and lied to an ICAC investigator.

ICAC found that Morgan had sexual relationships with Tabak and another developer while she was responsible for determining their development applications. They were habitués of the notorious kebab shop Table of Knowledge, where local property industry movers and shakers fraternised over early morning coffee.

Wideform presents itself in East Timor as a model corporate citizen, "dedicated towards rebuilding the lives and the country of the world's newest nation". Estela Ferreira, who uses the title "her excellency", is prominent on the local charity scene, supporting church schools, sponsoring students, raising funds for boy scouts and the like.

She says Ramos Horta appointed her goodwill ambassador in recognition of her "hard work, determination and generosity". She describes herself on her website as "a humanitarian passionate about freedom and human rights".

Despite an influx of petroleum revenue into government coffers in the past two years, East Timor remains one of the poorest countries in the Asia-Pacific and Australia's presence is mainly in the form of troops, police and administrators of an estimated \$120m in Australian government assistance this year.

Wideform ventured into Dili property development in 2007 with the backing of Ramos Horta, a self-styled "pro-development" prime minister running for the presidency who announced he had fast-tracked approval for the company's \$US43m (\$47m) "landmark project".

In a written statement to Inquirer, former justice minister Sarmento says Ramos Horta directly ordered the Justice Ministry's director of land and property to prepare the lease contract. "This is highly irregular and as the minister I had no knowledge he had done so until my director of land and property asked about it," Sarmento says.

"He (Ramos Horta) later contacted me asking me why there had been a delay, and I made the point that only the minister for justice or his land and property director could sign it. He took objection to this and said he would be signing it.

"I was reluctant to sign because the government should have sought expressions of interest for such a prime development site. There were at the time many interested parties on that land or any such prime commercial land in Dili, and I did not think it right. But I signed it in light of the pressure I had been put under directly by the PM.

"PM Horta said he wanted to announce new foreign investment and threatened that if I did not sign it there and then he would hold a press conference accusing me of holding up foreign investment."

Wideform says it worked closely with Ramos Horta to "identify and address" Dili's property development requirements and is doing due diligence on several sites.

However it has yet to start work on the 11-storey Vision building, given the go-ahead by Ramos Horta more than two years ago. The site was previously occupied by the Australian-owned Hello Mister supermarket, which was torched by rioters in 2002.

Government property deals and other contracts have come under criticism in East Timor, with the two-year-old coalition government of Prime Minister Xanana Gusmao facing multiple allegations of high-level corruption. The Prime Minister attacked the Australian media in August for its reporting of accusations that he broke the law in authorising a rice import contract for a company part-owned by his daughter, adding: "I warn Australian journalists not to tamper with my government."

In public Ramos Horta publicly defended his ally Gusmao against the attacks, but in an unpublished letter to ombudsman Sebastiao Ximenes on June 2 the President voiced his "fears and concerns" and urged a priority investigation into "widespread opinions being manifested regarding the contracts for the supply of rice having been closed without a bid process, and involving collusion and cases of corruption".

The opposition Fretilin party recently produced documents showing Indonesian billionaire Tommy Winata, who operated businesses on behalf of the Indonesian military, was given secret approval to build a \$US150m shopping centre and hotel in Dili.

East Timor's Tourism, Trade and Commerce Minister Gil Alves confirmed the government land was leased to Winanta without a public tender.

Fretilin, East Timor's largest political party, is also complaining about a contract to an alleged Jakarta gangster, Hercules Rozario Marcal, to develop a supermarket on Dili's waterfront. Last August, the nation marked the 10th anniversary of its vote for independence from Indonesia.

Ximenes has called for Gusmao to take action against Justice Minister Lucia Lobato and Finance Minister Emilia Pires over alleged abuses of power in the awarding of contracts, and police have raided the office of Lobato's businessman-husband in connection with fraud

allegations.

Fred Ferreira tells Inquirer in a statement Wideform has received no preferential treatment from the East Timor government. A letter from Ferreira's law firm TressCox says the process of issuing the lease "was no different to the process followed in regard to other leases at the time".

It says Ferreira and Ramos Horta have been friends since the late 1980s. Ferreira had become an "adviser and helper" to Ramos Horta and provided funding in support of East Timor's independence from Indonesia.

"Wideform has conducted a range of businesses in East Timor and contributed to the social and economic development of the nation at a time when very few investors would invest in the country," the letter says.

Ferreira "does not accept" that Ramos Horta pressured Sarmento to sign the lease, adding: "After the lease was signed (Sarmento) gave a press conference extolling the benefits of the project for East Timor."

Back in Wollongong, Wideform's Victoria Square apartment building adorns the cover of the third report on Wollongong council handed down by ICAC commissioner Jerrold Cripps in October last year.

Cripps found Victoria Square was a prohibited development that breached multiple state planning laws and council planning policies. Wollongong council is believed to have considered overturning approval for Victoria Square but legal advice suggested this would be difficult because the building was finished and occupied.

Victoria Square was built by Wideform and developed by Perform Developments, jointly owned by Fred Ferreira and Tabak. ICAC described Wideform as "a company associated with" Tabak.

Tabak and Ferreira founded Perform Developments in March 2004. Tabak was a co-director and company secretary but he resigned his positions in February 2008, soon after the ICAC hearings began in Sydney.

Perform Developments was renamed Vision Wollongong a month later, with Tabak and Ferreira retaining their 50 per cent shareholdings.

Vision Wollongong's registered office at 245 Berkeley Rd, Unanderra, is also the registered office of Ferreira's Wideform.

Victoria Square was one of at least four Wollongong projects developed by Tabak and Ferreira via Perform Developments, with Wideform providing construction services.

Tabak also served as project manager on a Wideform five-storey development at 14 Harbour St, Wollongong, ICAC said. Wideform promotional material carried an endorsement from Tabak, describing the firm as "very honourable people to do business with".

Portuguese immigrant Ferreira founded Wideform as a construction formwork company with three employees in 1974. It has diversified into general construction and property development throughout NSW and Queensland with a workforce of 750.

Wideform was one of the Labor Party's biggest political donors in Wollongong for the 2007 state election. The company gave more than \$20,000 to Illawarra-based Labor MPs Matt Brown, David Campbell and Noreen Hay, along with \$10,000-plus donations to Labor and Liberal head offices.

The NSW Greens called on both parties to hand all Wideform donations to charity in light of the ICAC findings.

Chris Ray is an Asia business analyst and journalist who has advised East Timor's Fretilin party on media relations.

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