East Timor is celebrating the 20th anniversary of its independence from Indonesia.

Despite Australia's complicated relationship with East Timor over more than four decades, Prime Minister Scott Morrison was welcomed at its joyous 20th anniversary celebration of the vote for independence.

In moving scenes on Friday thousands of East Timorese stood and sang the national anthem Patria - Portugese for Fatherland - at the Tasitolu Peace Park in Dili.

But the bipolar relationship between the nations came into focus earlier in the day when the PM turned up to meet his East Timorese counterpart Taur Matan Ruak.

The 87-year-old widow of Australian journalist Greg Shackleton, one of the Balibo Five killed there in 1975, was waiting to confront Mr Morrison.

Blocked by burly security guards, Shirley Shackleton darted around them to deliver a petition calling for criminal charges to be dropped against former spy Witness K and his lawyer Bernard Collaery.

The pair revealed that Australia had bugged East Timor cabinet meetings in 2004 during negotiations over the Timor Sea boundary, which contains rich oil and gas reserves.

She eventually gave the petition to Foreign Affairs Minister Marise Payne who promised to raise the issue.

"What is it that the Australian government is so afraid of? If Collaery goes to jail we will lose our freedom, we will lose our democracy," Ms Shackleton told AAP.
Mr Morrison and Mr Ruak smiled and refused to talk about the whistleblowers while signing a new maritime boundary treaty.

The old treaty was thrown out after the spying scandal and involvement of the International Court of Justice.

"We are so proud for this day, 20 years ago we were still young and we heard the story about Australia, a big country helping us to win independence and they were good to support us," said Nanda Soares, a 32-year-old East Timorese woman.

Two days earlier protesters marched peacefully through Dili calling for the charges against the whistleblowers to be dropped.

That was in contrast to the 1991 Santa Cruz massacre in Dili which outraged the world, when Indonesian troops shot dead at least 250 pro-independence demonstrators, points out East Timorese-Australian and Northern Territory Government Labor MP Sandra Nelson.

"People ask is Timor better off? Today, people protest without fear of being killed and therein lies the big difference between what it was 20 years ago and what it is today," said Ms Nelson, who is the niece of former president Jose Ramos-Horta.

Twenty years ago nearly 80 per cent of 440,000 voters chose to separate from Indonesia, 24 years after it had invaded and killed up to 200,000 people during an occupation that has been called a genocide.

John Howard counts Australia's role in East Timor including leadership of the UN INTERFET peacekeeping force as one of his two proudest moments as PM but the narrative of how it happened is increasingly doubted.

US National Security Archive documents released last week depict Australian Foreign Minister Alexander Downer as resisting pressure from the US to send peacekeepers to East Timor.

The documents reveal the US government knew that Indonesia's military was arming militias that carried out violence and murder, burning villages to the ground and destroying the country's infrastructure.

Former military intelligence officer Clinton Fernandes' book Reluctant Saviour, describes the Australian Government's reluctance to support a vote on East Timor's independence and admit the Indonesian military was supporting violent militias.

Mr Howard's letter to BJ Habibie in late 1998 "did not signify any support for East Timorese self-determination but the exact opposite - it was designed to defuse the issue and postpone self-determination indefinitely", he told AAP.

"He was doing everything possible to keep Timor inside Indonesia."

After being invaded by Indonesia and abandoned by Australia - with whom they fought during World War II - its people have every reason to be angry.

Mr Ramos-Horta, the Nobel Prize winner, and guerilla leader Xanana Gusmao were the faces of East Timor during the Indonesian occupation.
"Actually I do not try to think about the past, which was full of horror, hope and dreams of a too romantic utopia, but in the end justice and freedom triumphed at extraordinary cost," Mr Ramos-Horta said at his home in Dili, where he was shot in an assassination attempt in 2008.

He bristles at suggestions of East Timor failing due to unemployment, economic and health problems, saying there is "absolute tranquility" in comparison to the past.

"We have 1100 medical doctors, in 2002 we had 19, malaria has been declared eliminated after being rampant," he said.

"What is important is what we have been able to deliver to those who survived to enjoy freedom, to enjoy peace and a better life, in the years since independence this country has made impressive progress."

There are difficult economic times ahead with the existing Bayu-Undan gasfields that have pumped money into its Petroleum Fund due to run out in 2023.

It must find partners to build a new LNG plant that the government insists must be in East Timor and not Darwin where the gas currently goes.

The only partner might be China, which critics say could then impose a controversial "debt-trap diplomacy", threatening East Timor's sovereignty.

East Timorese businessman Tony Jape, who returned to Dili from Darwin in 1999 at Xanana Gusmao's request and has built the city's largest shopping centre believes tourism can be a panacea for the economy.

"One million Australian tourists go to Bali, why can't we have 10 per cent of that?"

The signing of the maritime boundary treaty ensured the first visit by an Australian PM in 12 years was a success and the nation's investment in East Timor's civil society, including defence and security, health and education and agriculture was recognised.

"As neighbours but more importantly as a partner and as a friend Australia celebrates those achievements with you and we are pleased to be able to have played the part that we have walking alongside Timor-Leste."," Mr Morrison said.

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