

*State Society and
Governance
in Melanesia*



Political and
Social Change

Research School of Pacific and Asian Studies
The Australian National University

Challenging the State: the Sandline Affair in Papua New Guinea



Edited by Sinclair Dinnen, Ron May and Anthony J. Regan

Challenging the State

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The contributors

Throughout the events covered in this volume several members of the Australian National University's Research School of Pacific and Asian Studies provided regular commentary for the Australian and overseas media. On 17 April Melanesian and Australian scholars in the School led a well-attended seminar to discuss the events and their implications. Most of the papers presented here derive from that seminar, and from earlier media commentary. They are not intended as a full examination of the events of March–June 1997—several such examinations are forthcoming—but rather as a series of contemporary reflections, partly updated. Standish, Regan, May, Dinnen and Nelson are longtime observers of Papua New Guinea politics who have all spent considerable periods of residence in Papua New Guinea. Mandie-Filer is a Papua New Guinean scholar, currently at the Australian National University, who was in Papua New Guinea in March. Saovana-Spriggs is also a Papua New Guinean, who followed events in March–June from her present home in Canberra. Kabutaulaka is a Solomon Islands scholar who, like Saovana-Spriggs, has taken a particular interest in the political forces unleashed by the Bougainville conflict. The brief reflections presented here are preceded by a detailed chronology of the Sandline Affair and followed by appendices comprising selected documents and texts central to the events covered in this volume.

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Acronyms

ABC	Australian Broadcasting Corporation
BBC	British Broadcasting Corporation
BCL	Bougainville Copper Limited
BIG	Bougainville Interim Government
BP	British Petroleum
BRA	Bougainville Revolutionary Army
BRF	Bougainville Resistance Forces
BTG	Bougainville Transitional Government
CRA	Conzinc Riotinto Australia Limited
DSL	Defence Systems Limited
EHP	Eastern Highlands Province
GDP	Gross Domestic Product
ICRAF	Individual and Community Rights Advocacy Forum
MBE	Member of the British Empire
MELSOL	Melanesian Solidarity
MP	Member of Parliament
MRDC	Mineral Resources Development Corporation
NBC	National Broadcasting Corporation
NCD	National Capital District
NEC	National Executive Council
NGO	Non-Government Organization
NIO	National Intelligence Organisation
PCR	Post-Conflict Reconstruction
PEA	Public Employees' Association
PM	Prime Minister
PNG	Papua New Guinea
PNGBC	Papua New Guinea Banking Corporation
PNGDF	Papua New Guinea Defence Force
PPP	People's Progress Party
PTF	Police Tactical Force
RDU	Rapid Deployment Unit
RFMF	Royal Fiji Military Force

RTZ	Rio Tinto Zinc
SABC	South African Broadcasting Corporation
SAS	Special Air Services
SFU	Special Forces Unit
SHP	Southern Highlands Province
TUC	Trade Union Congress
UK	United Kingdom
UN	United Nations
UNCHR	United Nations Commission for Human Rights
UPNG	University of Papua New Guinea
US	United States
VIP	Very Important Person
WHP	Western Highlands Province

1

Introduction

The so-called Sandline Affair in Papua New Guinea occurred against the background of the nine-year old Bougainville conflict. As well as its tragic toll in lives and suffering, this conflict has had a significant impact on the national economy, in terms of potential revenue lost from the Panguna copper mine and the high cost of security operations. Since 1988 there have been a number of unsuccessful attempts to resolve the Bougainville situation, using both negotiation and military force (see the contributions by May and Regan in this volume). When Sir Julius Chan, deputy prime minister in the Wingti government (July 1992–August 1994), became foreign minister in January 1994 he made the resolution of the conflict one of his priorities. On becoming Prime Minister in August 1994, this became his main objective. While Chan adopted a number of different strategies to this end (see Regan’s first contribution), his efforts ultimately achieved little. Having originally rejected the mercenary option in September 1996, Chan’s later change of mind is to be set against the frustrations generated by successive breakdowns in negotiations with rebels, a series of humiliating military set-backs, and, not least, the prospect of a looming general election.

The details of the Sandline proposal were set out in a report to government of December 1996 entitled *Project Contravene* and a

contract between Sandline and the government (both reproduced in the Appendices to this volume). Sandline envisaged a military strike by contracted foreign soldiers, working with the Papua New Guinea Defence Force (PNGDF), against key Bougainville Revolutionary Army (BRA) leaders, destroying their communications, loading and re-supply installations, and re-capturing the Panguna mine (see Regan's first contribution). Sandline International, the principal contractor with the Papua New Guinea government, acted as brokers for the notorious South African private military organisation, Executive Outcomes. The South African company was, in turn, sub-contracted by Sandline to supply the mercenaries and military equipment for this operation. Sandline's director, retired Lieutenant-Colonel Tim Spicer, coordinated the negotiations surrounding *Project Contravene*.

As discussed by Dinnen, Executive Outcomes is the most well-known of the new breed of mercenary organisations that have evolved in the post-Cold War era and that have intervened militarily in a number of internal conflicts, notably in sub-Saharan Africa. These organisations operate as part of elaborate corporate networks whose interests extend well beyond matters of military security. In particular, they tend to connect with mining interests and, in practice, often seek payment from their client governments in the form of mining or other commercial concessions. In this respect, the alleged interest of Sandline and their financial partners in the large Panguna mine on Bougainville provided an important focus for opposition to the Sandline contract and for the subsequent commission of inquiry (see Dinnen and Regan's first contribution).

The Sandline proposal was first made public in an article published on 22 February 1997 by Australian journalist Mary-Louise O'Callaghan (see Appendix document 4). In it, she revealed that the Papua New Guinea government had signed a contract with Sandline International to 'blast' the leadership of the rebel separatist BRA. At the time, Prime Minister Sir Julius Chan and Defence Minister Mathias Ijape denied that Sandline personnel were to be employed to attack the BRA, saying that they would be engaged only in a training capacity. The policy-making environment which allowed a small group of cabinet ministers to surreptitiously decide to hire mercenaries provides the basis for Regan's second contribution to this collection. In it, he discusses the reasons underlying the lack of

responsiveness of policy makers to popular concerns and related issues of government accountability.

There was limited public opposition to the Sandline proposals in the three weeks following public exposure of the contract. There were some vocal critics, however, including church groups, NGOs and some politicians including the then Governor of Port Moresby and member for the Port Moresby regional seat in the National Parliament, Bill Skate. Two court actions challenging the validity of the Sandline proposals were launched, one by a lawyer who was also an aspiring politician and the other by a prominent NGO, the Individual and Community Rights Action Forum (ICRAF) (the document initiating the ICRAF action is reproduced as Appendix document 6). The Australian Parliament and government made public their opposition to the Sandline proposals, expressing concern about both the introduction of mercenaries into the Pacific and any return to what it saw as the counter-productive attempts to resolve the Bougainville conflict by reliance on military force.

The vigorous Australian intervention in the debate enabled Prime Minister Chan to treat the Sandline issue as largely one concerning Papua New Guinea national sovereignty. Even the Opposition leader Roy Yaki MP, and prominent government critic, Bernard Narokobi, attacked Australia for continuing to treat Papua New Guinea as a colony in its criticisms of the Sandline contract (*Post-Courier*, 27 February 1997). Even as he continued to deny that Sandline personnel were to be involved in the 'frontline' in Bougainville, those same personnel were engaged in training PNGDF Special Forces Unit personnel in Wewak and in planning the operation in Bougainville which was due to begin in the second half of March.

The most dramatic events in the Sandline affair and what many people have seen as the most serious political crisis Papua New Guinea has faced since independence began on 16 March when the commander of the PNGDF, Brigadier General Singirok, put an end to PNGDF involvement in the Sandline operations. Singirok ordered the detention of all Sandline personnel by PNGDF members on the evening of 16 March. The detention was part of *Operation Rausim Kwik*, led by Major Walter Enuma. The following day, 17 March, in a public act of defiance of the government, Singirok spoke on national radio, calling for the resignations of the prime minister, deputy prime minister and defence minister. In his statement he announced that he

had rejected the Sandline contract and detained Sandline personnel (see Appendix document 7).

Singirok's public statement of 17 March began perhaps the most turbulent ten-day period in Papua New Guinea's post-independence history. Prime Minister Chan responded almost immediately by dismissing Singirok as PNGDF commander, accusing him of 'gross insubordination bordering on treason', and appointing a new acting commander. It quickly became evident, however, that there was widespread public support for Singirok, whose objections to the employment of mercenaries and allegations of corruption struck a chord of popular sentiment. Students and NGOs supported Singirok and his followers in the PNGDF. Protests against the government developed, centred on the Murray Barracks in Port Moresby, which at times appeared likely to get out of control, with some local outbreaks of rioting and looting. The PNGDF, whose discipline has been called into question on several occasions in recent years, nevertheless played a critical role in maintaining a largely orderly protest. Despite his dismissal as commander, Singirok continued to be the most significant figure in controlling the military, assisted by Major Walter Enuma. The suggestion that Singirok's actions amounted to a *coup* was made by many observers, a charge consistently denied by Singirok himself.

The essays by May and Kabutaulaka address, in different ways, the role of the military in these events. May looks specifically at the role of the PNGDF in the events of March 1997, while Kabutaulaka relates these events to the broader issue of militarization in Melanesia over recent years. Standish's contribution examines not only the question of whether or not the actions initiated by Commander Singirok constituted a *coup* but also the complex relations between the military and civil society which developed during the tumultuous period of 10 days between Singirok's public statement and the announcement of Chan's decision to 'stand aside'.

In the week following 17 March, all Sandline personnel, other than Tim Spicer, were forced to leave the country. Spicer was detained by the PNGDF for six days before being handed to police on 22 March and charged with firearms offences, pending his appearance at the commission of inquiry announced by Chan two days earlier. Deeply concerned about the intervention of the military in Papua New Guinea politics, the Australian government attempted in various ways to persuade both Chan and Singirok to exercise restraint, and maintained strong pressure on Chan to explore options other than the use of

mercenaries to deal with the Bougainville situation. There was public discussion of the possibility of involvement of Australian troops, at least to assist in the evacuation of Australian citizens if the tense situation in Papua New Guinea were to deteriorate.

On 25 March, with angry crowds surrounding the National Parliament, members of parliament rejected a motion calling on the prime minister, deputy prime minister and defence minister to resign. The next day (26 March), however, the three agreed to 'step aside' pending the outcome of a commission of inquiry into the Sandline contract. This followed a meeting between Prime Minister Chan and Major Walter Enuma, who had played an important part in controlling the crowds outside Parliament House the previous night. The papers by Mandie-Filer and Saovana-Spriggs provide some personal reflections on these tumultuous happenings. Mandie-Filer was in East Sepik Province and subsequently Port Moresby as events unfolded and provides a first hand account of popular reactions in Papua New Guinea. Saovana-Spriggs recalls her feelings as a Canberra-based Bougainvillean monitoring developments via the Australian media.

After several weeks of deliberation, disputation, and continuing tensions between political, military, police and NGO personnel (including police raids on NGO offices, the arrest of several NGO leaders, and the charging of Major Enuma over alleged firearms offences) the report of the Sandline commission of inquiry conducted by National Court judge, Warwick Andrew, was completed at the end of May. With the report still under consideration by acting prime minister John Giheno, Sir Julius Chan announced that he had resumed office, claiming that the report had cleared him of any wrongdoing. Simultaneously Chan announced the appointment of controversial retired PNGDF officer Leo Nuia as the new commander of the PNGDF.

By the beginning of June, however, Papua New Guinea was in the midst of the campaign for the country's fifth post-independence national elections, and with voting about to commence a confrontation between Chan and the acting prime minister was averted and events moved on.

Popular resentment over the Sandline affair was reflected in the election. Corruption and accountability were major campaign issues and soldiers, including Major Enuma, were alleged to have been involved in illegal campaign activities aimed at ensuring the election of particular opponents of the government. While it is difficult to

evaluate the impact of the Sandline fall-out on voting in particular seats (see Nelson's contribution), for the first time in a Papua New Guinea election, the incumbent prime minister lost his seat (as did former prime minister Paias Wingti). The outgoing Defence minister, Ijape, also lost his seat, though Deputy Prime Minister Chris Haiveta, who was deeply implicated in the financial arrangements surrounding the Sandline contract and the subject of critical but inconclusive findings in the May 1997 Commission of Inquiry Report, was returned. Elections in Papua New Guinea nevertheless continue to be dominated by local, rather than national, issues and it is hard to argue that the 1997 election marked a radical departure in this respect. The local/national axis in the electoral context is discussed in Nelson's essay in this volume.

In the aftermath of the elections, on 22 July a new coalition government emerged, under the leadership of Prime Minister Bill Skate. The coalition includes the major elements of the previous Chan coalition government: the People's Progress Party (PPP), formerly led by Chan, and the Pangu Pati, whose parliamentary leader, Haiveta, has reemerged as deputy prime minister. In order to distance itself from the Chan coalition and in response to widespread dissatisfaction with the inconclusive findings of the first commission of inquiry, Skate's government established a new Sandline inquiry. It is chaired by Justice Kubulan Los of the National Court and has been given broader terms of reference than that of its predecessor. A Defence Board of Inquiry into the actions of PNGDF personnel involved in the efforts to remove Sandline has also been set up. Singirok has been charged with sedition over his actions in March, and Enuma and three other officers face charges of mutiny in relation to events which took place in the wake of the March 1997 action.

If Papua New Guinea faced a political and constitutional crisis in March 1997 that crisis has now largely passed and the country's democratic institutions remain intact. At the same time, however, expectations that public aversion to the problems in government highlighted by the Sandline Affair would result in major changes in government membership and direction have not been fulfilled. In the post-election vote for the prime ministership in July 1997 not only did previous coalition partners PPP and Pangu again share power, but the group generally perceived as most likely to achieve reform—a coalition centred on the National Alliance led by former prime

minister, Michael Somare—failed in its bid to form government. The most surprising factor in the loss of the National Alliance was its failure to gain support from a group of new ‘independent’ members which included prominent NGO members who had campaigned specifically on an anti-corruption platform denouncing the Sandline contract. Instead, these members chose to join the coalition involving PPP and Pangu, political parties whose leaders had been intimately involved in the Sandline arrangements. (The peculiar processes involved in forming governments in Papua New Guinea which allowed such an outcome are explored by Nelson and by Regan’s second contribution.)

Singirok’s image as a person motivated by opposition to the corruption and the likely human rights abuses associated with the Sandline proposals was dented by attacks made on him while giving evidence to the first commission of inquiry and by the finding of the commission report that his opposition to the Sandline contract was largely related to his resentment about Sandline usurping his authority as commander of the PNGDF. His image as popular hero was even more severely tarnished in July when it was revealed in another article by Mary-Louise O’Callaghan that he had accepted payments from British arms dealer, J and S Franklin (see Appendix document 10).

While the immediate political crisis precipitated by Singirok on 17 March 1997 may be over, the fall-out from the Sandline affair continues and the issues are unlikely to be fully resolved for some time. Political tensions associated with the Sandline affair are likely to be exacerbated by ongoing legal processes. These include the criminal charges against Singirok, Enuma and the three other PNGDF officers; the new commission of inquiry; the Defence Force board of inquiry; Sandline’s attempt to secure outstanding debts from the Papua New Guinea government in the English courts; and the constitutional challenge brought against the original Sandline contract by the NGO, ICRAF. The matter of what happens to the military equipment purchased by Sandline and currently being stored in Australia’s Northern Territory also remains unresolved.

Unresolved political issues arising from the Sandline Affair include: the long-term impact of tensions within the PNGDF and between it and other state institutions; the implications of these events for the future evolution of civil society (see, *inter alia*, Standish);

whether these events will ultimately serve to enhance accountability in government; the effects of these events on the Bougainville peace process (one of the many ironies of the Sandline affair being its positive impact on that process—see Regan’s first contribution); and the impact on Papua New Guinea–Australia relations.

Ron May, Anthony J. Regan and Sinclair Dinnen
Canberra
October 1997

2

The Sandline Affair: a chronology of significant events

Prepared by
Anthony J. Regan and Sinclair Dinnen

This chronology is compiled on the basis of media reports and documents from the first Commission of Inquiry.

- 30 August 1994** Sir Julius Chan becomes Prime Minister, and soon after announces resolution of the Bougainville conflict will be a 'top priority'
- September 1994** Talks in Honiara between Sir Julius Chan and Bougainville Revolutionary Army (BRA) leader, Sam Kauona, result in agreements for ceasefire on Bougainville, the holding of a peace conference in Arawa and provision of security at the conference by a South Pacific Peace-keeping Force
- October 1994** Peace conference held, but senior BRA and Bougainville Interim Government (BIG) leaders fail to attend
- Leaders and BRA commanders from the North Nasioi area of Central Bougainville sign an agreement with national government representatives committing themselves to peace

November 1994	<i>Mirigini Charter for a New Bougainville</i> signed between Prime Minister Chan and Bougainville leaders, paving the way for establishment of a Bougainville Transitional Government
April 1995	Bougainville Transitional Government (BTG) established and Theodore Miriung, North Nasioi leader, elected Premier
May 1995	Negotiations between Chan and Miriung result in <i>The Waigani Communique</i> providing for amnesty from criminal prosecution for acts arising from the Bougainville conflict, and restoration of government services in Bougainville
June/July 1995	Constitutional reforms to the provincial government system reduce autonomy of provincial governments but do not apply in Bougainville where the old provincial government system continues to operate for an interim period, pending a hoped-for political settlement of the Bougainville conflict
September 1995	Bougainville leaders (BTG, BRA and BIG) meet in Cairns, Australia
December 1995	Further meetings of Bougainville leaders in Cairns
January 1996	BRA/BIG delegates returning from Cairns talks fired on by Security Forces near Koromira in Central Bougainville
February 1996	Escalating BRA military action results in deaths of 12 Security Force personnel
March 1996	PNG Defence Minister Ijape has first contact with Plaza 107 Ltd and Tim Spicer via previous Defence Systems Limited (DSL) contacts
27 March 1996	Prime Minister Chan announces the lifting of the ceasefire in Bougainville
7 April 1996	Meeting in Cairns involving Defence Minister Ijape, James Melegepa (Secretary for Defence),

Jerry Singirok (Defence Force Commander), Tim Spicer (Plaza 107 Ltd) and Tony Buckingham (Branch Energy Ltd). Executive Outcomes mentioned. PNGDF military equipment needs discussed. Possible investment in PNG mining and petroleum sectors discussed

Later in April, Singirok visits London and meets Spicer and Michael Grunberg of Plaza 107, who provide him with a proposal entitled *Project Contravene*

Spicer courier copy of *Project Contravene* proposal to Ijape with covering letter saying Singirok 'concur' with the proposal

On return to PNG, Singirok reports to Ijape that the *Project Contravene* proposal 'looked good'

Ijape mentions proposal to Chan who shows no enthusiasm for it

June 1996

PNG Defence Force *Operation High Speed II* commences, its announced aims being harassment of the BRA and capture of its leaders

16 July 1996

Spicer sends fax to Chan seeking opportunity for him and Buckingham to brief Chan and the government on their 'abilities and the possibility of helping your government and investing in your country'. Chan refers matter to Noel Levi, Secretary of the Department of Prime Minister and National Executive Council

August 1996

Operation High Speed II ceases, having failed in its objectives

In a letter to Ijape, Sandline's Tim Spicer refers to previous proposals that part-payment for Sandline's services be made 'with mineral concessions' and suggests forming a joint venture with the PNG government and RTZ to re-open and operate the Panguna mine. Spicer also refers to the possibility of RTZ funding some of the

- costs of the military operations to recover the mine (see Spicer's evidence to the Andrew Commission of Inquiry on 3 April 1997)
- 7 September 1996** Killing of 12 Security Force personnel and capture of five others at Kangu Beach in South Bougainville. Subsequent internal PNGDF inquiry blames the 'massacre' on indiscipline of security personnel and related problems
- 19 September 1996** Noel Levi, Secretary of Department of Prime Minister and NEC advises rejection of proposals from Spicer and Buckingham and Chan accepts that advice
- 11 October 1996** Deputy Prime Minister and Finance Minister, Chris Haiveta, visiting London in connection with the Oregon Pty Ltd share float, meets Spicer following arrangements made between Spicer and Rupert McGowan of Jardine Fleming, Hong Kong based share brokers involved in the Oregon float. Haiveta expresses interest in the *Project Contravene* proposal and invites Spicer to visit PNG
- 12 October 1996** Premier Theodore Miriung murdered, and Coroner's report subsequently finds that the persons involved in the murder were members of the PNGDF and members of Bougainville Resistance Forces
- 19 November 1996** Spicer sends fax to Ijape under a new company name, Sandline International, seeking to arrange a visit to PNG
- 3 December 1996** Spicer and Buckingham visit PNG and over the following few days, meet Haiveta, Ijape and senior officials to discuss *Project Contravene*
- 9 December 1996** Consultancy agreement signed by Spicer and Melegepa for Sandline to produce a detailed report on *Project Contravene* for a fee of US\$250,000
- 31 December 1996** Spicer returns to PNG with 12 copies of the detailed *Project Contravene* proposal

- 7 January 1997** Ijape introduces Spicer to Chan at the Prime Minister's office. Chan requests a short brief on what is proposed by Spicer
- 8 January 1997** Spicer provides 3 page brief to Chan. The possibility of recovery of costs from the Panguna mine is mentioned, with specific reference made to the possibility of purchase of the mine by Branch Energy
- Spicer meets Chan and provides verbal briefing on *Project Contravene*
- Spicer provides a further written brief to the Prime Minister
- 15 January 1997** National Security Council, a committee of the National Executive Council (NEC), approves Sandline's proposed *Project Contravene* involving use of the PNG Special Forces Unit in conjunction with Sandline personnel as 'consultants, trainers and technical officers to work alongside the PNGDF members', at a cost of US\$36 million. Funds are to be made available from the national government contingencies fund
- 19 January 1997** Spicer arrives in Port Moresby with copies of a contract for *Project Contravene*
- Later in January, Haiveta and senior officials explore means of providing initial 50 per cent payment to Sandline. Rupert McGowan of Jardine Fleming is involved in this process at Haiveta's request
- 27 January 1997** Cheque for 50 per cent payment provided to Sandline
- Haiveta requests State Solicitor Z. Gelu, Secretary for Defence J. Melegepa, PNGDF Commander Singirok and acting Deputy Secretary for Finance, V. Iamo (the negotiating team) to consider the terms of the proposed contract with Sandline
- 28 January 1997** Gelu, on behalf of the negotiating team,

telephones Sandline's Michael Grunberg in London and raises concerns about the contract. Grunberg states Sandline's unwillingness to negotiate any of its terms. He subsequently agreed to some inconsequential changes

Negotiating team members agree that PNGDF Commander Singirok should communicate directly with Sandline about his concerns about costs and other issues concerning helicopters to be supplied by Sandline

29 January 1997

Singirok raises concerns about helicopters with Spicer

30 January 1997

The negotiating team write a joint letter to the Secretary of the Department of Finance expressing concerns about Sandline (in similar terms to Noel Levi's advice to the Prime Minister in September 1996) and some aspects of the contract. Their main concerns are that: the contract price is too high for a 3-month term; costs of logistical support; practical problems maintaining helicopters; and the need to tie the second 50 per cent payment to success of the operation. They advise that some attempt should be made to secure further negotiations with Sandline before the contract was executed

Singirok writes to Deputy Secretary Iamo advising that other than the issues raised by the negotiating team 'the Secretary for Defence and the Commander are happy with the contents of the proposed contract', and advises that signing arrangements should be facilitated

31 January 1997

Spicer returns to PNG with draft contract containing minor changes agreed by Grunberg, and contract is executed

US\$18 million transferred from PNG government accounts to the account of Sandline Holdings in Hong Kong. Cheque for same amount previously paid to Sandline on 27/1/97 is not recovered

7-9, 14-15

February 1997

Mercenaries arrive in Port Moresby in small groups on board commercial flights. In the following week 2 aircraft chartered from Air Sofia arrive in Port Moresby. The smaller aircraft (an Antonov 12) transports mercenaries to Wewak, while the larger aircraft (an AN 124) brings in military equipment. Some equipment transported to Wewak, the rest is stored in the hanger of the Air Element of the PNGDF at Port Moresby's Jackson's airport

14 February 1997

With the approval of Prime Minister Chan and at the direction of Peter Barter, the Department of Provincial and Local Government Affairs begins work on developing a *Bougainville Peace Strategy*. Barter hopes to persuade the government to adopt the *Peace Strategy* as an alternative to the operations planned by Sandline

19 February 1997

Australian Foreign Minister, Alexander Downer, arrives at Jackson's airport. Both Air Sofia aircraft parked at Jackson's when Downer arrived

20 February 1997

In a press conference, Chan discusses the need for PNGDF personnel to be 'psyched up', physically and militarily

22 February 1997

Weekend Australian publishes cover story by Mary-Louise O'Callaghan on engagement of mercenaries to 'blast' Bougainville rebel leadership and the presence of some Sandline personnel in PNG (Wewak)

25 February 1997

Prime Minister Chan and Defence Minister Ijape say Sandline personnel are to be engaged in training only, and will not be used in the 'front-line' in Bougainville

Report that Deputy Prime Minister and Minister for Finance, Chris Haiveta, directed that payments to Sandline be made out of proceeds of Oregon share float

- 26 February 1997** Copy of memorandum signed by Haiveta directing use of Orogen funds to pay for Sandline published in Post-Courier but Haiveta denies such funds actually used
- 27 February 1997** Barter, the Minister for Provincial and Local Government Affairs, announces Prime Minister Chan has been provided with copy of draft *Bougainville Peace Strategy* prepared on Chan's direction
- 2 March 1997** Chan announces PNG intent to purchase control of BCL
- 5 March 1997** Private lawyer and aspiring politician, Rimbink Pato, announces constitutional challenge to Sandline contract
- 5-6 March 1997** Catholic Bishops Conference and PNG Trade Union Congress both oppose use of mercenaries
- 9 March 1997** Prime Ministers Chan and Howard meet in Sydney to discuss possible alternatives to use of mercenaries
- 12 March 1997** ICRAF (a PNG NGO) launches constitutional challenge to the Sandline contract
- 13 March 1997** Chan says Australia should not meddle in PNG affairs
- 16 March 1997** PNGDF personnel involved in *Operation Rausim Kwik* detain Spicer and other Sandline and Executive Outcomes personnel in Port Moresby and Wewak
- 17 March 1997** 6.00am, PNG Defence Force Commander, Brigadier General Singirok, briefs Police Commissioner Nenta about his intention to call on Chan, Haiveta and Ijape to resign, his refusal to obey orders re implementation of the Sandline contract and the detention of Sandline personnel
8.00am, Singirok briefs key PNGDF officers in Nenta's presence

Letter from Singirok demanding Chan's resignation delivered to Chan

10.00am, Singirok briefs the Governor-General

11.00am Singirok speaks on national radio programme, reading a prepared statement raising his concerns about the Sandline contract, and announces that the Sandline personnel have been detained

Police Commissioner Nenta disassociates himself and the Police Force from the actions of Singirok

6.00pm Chan holds press conference rejecting Singirok's call for his resignation

Cabinet decides to dismiss Singirok and to appoint Colonel Aikung as acting Commander of the PNGDF

Soldiers stationed at Governor-General's residence prevent delivery of Singirok's dismissal documents for signature by the Governor-General until Chan contacts army Chief of Staff, Colonel Tuat, who orders the soldiers to withdraw

18 March 1997

1.00am, papers dismissing Singirok and appointing Aikung signed by the Governor-General

8.00am, crowds begin to gather outside Murray Barracks, Port Moresby, blocking major roads

Singirok addresses a parade of soldiers at Murray Barracks, calling for calm, for due process of law to be allowed to follow its course and for support for the new Commander

9.00am to midday, various NGO representatives address crowds outside Murray Barracks, with MELSOL taking a leading role

University students (UPNG) begin boycott of classes supporting Singirok's demands

1.00pm, Singirok hands over the command and Commander's office to Aikung and moves to his residence at Murray Barracks

3.00pm, Aikung holds first briefing with senior officers

6.00pm, Major Enuma appears live on national television to announce continuation of *Operation Rausim Kwik* directed at removal of the Sandline personnel from PNG and says the army supports the operation except for 'some colonels'

Chan holds press conference claiming Government is 'in total control' and that Singirok was guilty of 'gross insubordination bordering on treason'

19 March 1997

7.30-8.00am, soldiers gather at Murray Barracks

8.30-9.30am, crowds of civilians gather around Murray Barracks

10.00am, public rally at Murray Barracks headed by NGO leaders, with MELSOL prominent

11.00am, Major Enuma calls on soldiers to remain within the Murray Barracks fences

11.30am, Government offices close in fear of riots

1.30pm, looting begins of some shops near Murray Barracks

3.00pm, demonstrators outside Murray Barracks present petition to Minister for Works, Peter Yama, demanding resignation of Prime Minister Chan and deportation of Sandline personnel within 24 hours

Prime Minister Howard has telephone conversation with Prime Minister Chan

Chan announces willingness to hold inquiry but says it is likely to cover wider issues, such as the PNGDF's use of K10 million for *Operation High Speed II* in Bougainville in mid-1996, the Kangu Beach Massacre of September 1996 and the delays in the investigation of the death of

Bougainville Premier, Theodore Miriung
8.20pm, representatives of Australian Prime Minister, John Howard, arrive in Port Moresby
Six Sandline personnel fly out of Port Moresby
Two employees of a security firm alleged to have links to a family company of Prime Minister Chan are detained at Taurama Barracks when pistol and ammunition are alleged to be found in their car, and are later alleged to have been on a mission to rescue Sandline Chief Executive, Tim Spicer

20 March 1997

Australian representatives meet Chan for four hours, putting to him alternatives to the use of the mercenaries

Protests outside Australian High Commission and British High Commission

Most businesses and government offices in Port Moresby remain closed

9.00am, large crowds gather at Murray Barracks

10.00am, soldiers at Murray Barracks present Secretary for Defence with petition with more than 4,000 signatures in support of Singirok and his demands

Looting at shops near Murray Barracks (one person has hand cut off by store security guard)

11.30am, UPNG students hold rally at UPNG Forum

4.15pm, tensions between police and demonstrators at Murray Barracks erupt, and police fire tear gas and bullets, including shots in the direction of civilians who flee into Murray Barracks; officers restrain some soldiers who seek to obtain weapons from the armoury

Army Chief of Staff, Colonel Tuat, addresses parade of about 400 soldiers appealing for them not to retaliate against police

6.30pm, government ministers Kilroy Genia and

Peter Barter accompanied by former MP, Sir Barry Holloway and former departmental head and aspiring politician, Gabriel Dusava, meet Singirok at Murray Barracks to seek a compromise over Singirok's demands

8.00pm, officers from most barracks (Murray, Taurama, Lancrom, Goldie and Igam) pledge loyalty to Singirok

8.30pm, president of Police Association pledges support for Singirok

Chan announces suspension of Sandline contract and a judicial inquiry with only one term of reference—to inquire into the circumstances surrounding the engagement of Sandline—and required to report to Cabinet within two weeks

Five more Sandline personnel fly out of PNG

21 March 1997

A small group of demonstrators gather outside Murray Barracks, but Police in Port Moresby mount roadblocks as part of an operation to prevent demonstrations, and the city is relatively calm all day

Singirok calls for Chan, Haiveta and Ijape to resign before Parliament meets the following Tuesday, saying a Commission of Inquiry into Sandline could not be impartial while the three remained in office, and releases copies of the Sandline contract, showing Sandline personnel were intended to be actively involved in actions to neutralise the BRA and secure the Panguna mine

55 Sandline personnel fly out of Port Moresby, boarding their plane under surveillance of armed soldiers and a few demonstrators

Public demonstrations and some attempted looting in Lae, Mount Hagen and Goroka

Part of the Special Forces Unit previously being trained by Sandline personnel fly into Port

Moresby from Wewak

Student leaders at UPNG forum refuse to present Education minister, John Waiko, with a petition demanding that all MPs vote to remove Chan. Students demand the presence of PPP ministers. Two PPP ministers (Yama and Tohian) and Deputy Speaker Okoro later attend to receive the petition

22 March 1997

A vehicle used by acting PNGDF Commander Aikung burnt near Murray Barracks by soldiers

Sandline Chief Executive, Tim Spicer, handed to police by PNGDF, charged with firearms offences and granted bail

About 3000 demonstrators gather in Madang

Rioting and looting in Kundiawa

In an interview on ABC Radio's Indian Pacific, Singirok claims that the Sandline weapons include a missile with a '500 meter killing range...a devastating effect'

23 March 1997

Combined church service at Murray Barracks for soldiers, officers and families

Senior PNGDF and police force members meet and agree to work together to prevent looting and other problems

Decision by Cabinet to revoke appointment of Colonel Aikung as acting PNGDF Commander and appoint Colonel Tuat as substantive Commander

Governor-General makes statement: calling meeting for following day of constitutional office-holders to 'discuss the crisis' and to advise the Prime Minister on possible actions 'to take the heat off' himself and the Government; raising doubts about the technical legality of the Sandline contract; and saying Chan, Haiveta and Ijape were 'not indispensable'

24 March 1997

Cabinet rescinds Colonel Tuat's substantive appointment as Commander and appoints him as acting Commander

Riots and looting in Goroka

Spicer appears in court on firearms charges, is granted bail and ordered to surrender his passport

Four Cabinet ministers resign in advance of Tuesday's meeting of the Parliament

Speaker, Sir Rabbie Namaliu facilitates a series of discussions held between, on the one hand, a group of senior civilians advising Singirok and on the other hand Chan and his advisers, over possible compromises whereby Chan 'stands aside' rather than resign

Word spreads in Port Moresby that uniformed army personnel will march on the Parliament when it meets the following day

25 March 1997

Commission of Inquiry convened for preliminary hearing by Justice Warwick Andrew; counsel for Singirok foreshadows request to expand the terms of reference, and the Inquiry adjourns to Tuesday 1 April

Demonstrations in Lae

Commonwealth Secretary-General visits Port Moresby and meets Chan, Namaliu, the Governor-General, Singirok and Enuma, counselling moderation

Large and vocal crowds gather outside the Parliament building, including some uniformed soldiers, but the anticipated general march of army personnel does not occur

UPNG students preparing to join crowds at the Parliament are 'advised' against doing so by police, but are subsequently escorted to Parliament by soldiers

PNGDF helicopter flies low over Parliament

building

2.00pm, the Parliament meets (debate being televised live for the first time in PNG history and also broadcast on radio). A motion calling for Chan to resign is debated and amended to call for him to 'step down' pending the outcome of the inquiry. After four hours of debate the amended motion is defeated 58 to 39

As angry crowds gather around the two gates to the Parliament, concern mounts within the Parliament building over crowd reaction

Some armed soldiers take over control of the gates, searching all vehicles leaving the area, and there is fear among some within the Parliament building that a coup is underway

Chan, Haiveta and Ijape 'escape' from the Parliament building with police assistance, allegedly wearing police uniforms

Fearing the consequences of passing through the soldiers and civilians outside, most MPs, parliamentary staff and others in the building remain there for the night, although eight MPs leave by climbing over the back fence

11.15pm, with agreement of the Speaker, Major Enuma comes to the Parliament building and meets separately with Government and Opposition members, advising that they are not under threat from the army, and that the only soldiers with army authority to be there are those assisting the police with crowd control

26 March 1997

On leaving the Parliament building, Major Enuma defuses a tense situation at the 'back' gate, as some armed soldiers and angry demonstrators attempt to enter the building. Enuma persuades the soldiers to desist, organising other soldiers to hold the crowd back, and arranging for leaders of a 'protesters council' to meet with Speaker Namaliu and former PM

Sir Michael Somare to hand over petitions and demands on behalf of the demonstrators

Early am, unarmed soldiers are assigned to guard the gates of the Parliament building in the unexplained absence of police personnel until police officers relieve them around daybreak

10.00am the Parliament meets and deals with other business in the unexplained absence of Chan, Haiveta and Ijape

Chan meets with Major Enuma at the Parliament building and assurances are sought on both sides (details of which are as yet unclear)

3.00pm, Chan attends session of the Parliament and announces that he, Haiveta and Ijape will 'step aside' pending the outcome of the Commission of Inquiry, and that Cabinet will appoint an acting Prime Minister

Chan's announcement greeted with rapturous celebration by the crowds around the Parliament building

27 March 1997

9.00am aircraft carrying weapons supplied under the Sandline contract touches down in the Northern Territory, Australia, and with agreement of the Australian Government at the request of the PNG Government, the weapons are unloaded for storage

Cabinet agrees on the appointment of Pangu's John Giheno as acting Prime Minister and PPP's Andrew Baing as acting Deputy Prime Minister

1 April 1997

Commission of Inquiry convenes, and Peter Donigi, Singirok's counsel, applies for expansion of terms of reference to cover numerous additional aspects of the Sandline contract and events arising from it

Lawyers for Chan file writs suing Singirok and MELSOL, for alleged defamatory statements about Chan made in Singirok's address to the

Nation of 17 March and in a publication called the *MELSOL Publisher*

Leaked document from the National Intelligence Organisation (NIO) claims that a group of prominent citizens, including constitutional office holders, were involved in a plot to force the Prime Minister, his Deputy and the Defence Minister to step down over the Sandline contract

2 April 1997

Commissioner Andrew rejects Donigi's application, saying the terms of reference are a matter for the Government and he sees no reason at that time to approach the Government with a request for their expansion

Singirok's counsel writes to the acting Prime Minister seeking an extension of the terms of the existing Inquiry and the appointment of a more general inquiry into corruption

Nine men from the Gulf Province, including two of Haiveta's staff, are detained and allegedly beaten by soldiers before being handed over to police, amid allegations of involvement of 'criminals' in threats against army personnel prominent in *Operation Rausim Kwik*

Allegations made that staff and police officers protecting Chan and Ijape have been harassed by army personnel

Counsel for Chan, Haiveta, Ijape and the State in the Commission of Inquiry advises the Commission that only half the Sandline contract funds had been paid, funded from a temporary overdraft expected to be repaid from accelerated payments of dividends and taxes payable by state trading corporations, and would have been the subject of a supplementary appropriation before the end of the fiscal year

Sandline's Tim Spicer gives evidence to the Commission of negotiations with PNG ministers and officials in Cairns and elsewhere in 1996, and

- denies payment of bribes or kickbacks to anyone involved in setting up the Sandline contract
- 3 April 1997** Spicer gives evidence that in August 1996 Sandline offered the PNG Government a discount on charges for its services in return for an interest in the Panguna Mine
- 4 April 1997** Stood down Deputy Prime Minister Haiveta and Defence Minister Ijape meet with soldiers for reconciliation purposes at Murray Barracks. Major Walter Enuma declares that *Operation Rausim Kwik* has ended
- 7 April 1997** PNG delegation headed by High Commissioner to Australia, Ken Noga, prepares to travel to Tindall airforce base in the Northern Territory to inspect military equipment purchased under the Sandline contract
- Acting Prime Minister Giheno states that the terms of reference of the Commission of Inquiry into Sandline are broad enough and would not be extended
- Spicer gives evidence that secret talks took place in Hong Kong in February 1997 involving himself, Chris Haiveta, Mathias Ijape, Sandline financial controller Michael Grunberg, Sandline chairman and mining magnate Tony Buckingham. The purchase of shares in the Panguna mine were discussed at this meeting
- 8 April 1997** Spicer gives evidence of details of the proposed counter-insurgency operation *Project Contravene*. The strike package consisted of two Mi-24 attack helicopters, two Mi-17 support helicopters for logistics and troop movement and air assault and the relevant air crew, support staff and trainers
- Singirok commences evidence and hands over to the inquiry US\$400,000 cash seized from Spicer
- Singirok tells inquiry he was under extreme pressure from Deputy Prime Minister Haiveta, Defence Minister Ijape and Sandline Director Tim

Spicer to agree to the terms of the contract before it was signed on 31 January. Also claims that he raised serious doubts about the funding and other aspects of the proposal with the Defence Minister on several occasions

Singirok claims that the government's approval of the Sandline deal meant the abandonment of a less costly assistance package involving the German government

Singirok claims that Defence Minister Ijape promised that he (Singirok) would become 'a rich man' if he supported the Sandline contract

Criminal charges against Spicer dismissed

Spicer departs PNG after completing his evidence. Tells Australian media that Singirok never expressed disquiet about the destruction that could be caused by the Sandline operation

9 April 1997

Singirok tells the inquiry that Sandline had targetted the opening of the Panguna mine as the only option to speedily end the Bougainville crisis

Singirok claims that four departmental heads, including himself, recommended against the contract because there were serious deficiencies with it

Singirok tells the inquiry that Sir Julius Chan had wanted to form a 'palace guard' to protect the PNG elite and foreign-owned mines

10 April 1997

Acting Prime Minister Giheno reiterates that the existing terms of reference of the Commission of Inquiry are adequate

Spicer tells journalists in London that he narrowly missed death on a number of occasions after being detained by PNG troops

12 April 1997

PNGDF soldiers reportedly handing out pamphlets in Port Moresby calling for stood down Prime Minister Chan to 'totally resign'

- 14 April 1997** Singirok tells inquiry that he met with executives from Franklin and Franklin, another military contractor, while in London in 1996 but received no inducement or favours from them
- 15 April 1997** A National Intelligence Organisation report on corruption presented to acting Prime Minister Giheno claims that PNG is in danger of turning into ‘a basket case like certain African countries’ Singirok threatens to walk out of the inquiry after he is accused of covering up the assassination of former Bougainville Premier Theodore Miriung
- 16 April 1997** The term of the Commission of Inquiry—originally due to end on 18 April—extended up to 30 May
Singirok storms out of inquiry after state counsel calls him a liar
- 17 April 1997** Managing Director of the PNGBC, Rupa Mulina, tells the inquiry that he was under pressure from Finance Minister Haiveta, Jardine Fleming broker Rupert McCowan and Tim Spicer to arrange the payment of US\$18 million to Sandline in late January 1997
Solicitor General Zackary Gelu tells the inquiry that payment for the Sandline contract was split into parcels of K500,000 in order to comply with the Public Finance Management Act which allowed the Finance Minister to waive normal tendering procedures
- 18 April 1997** Rupert McCowan suspended indefinitely by his employers, Jardine Fleming, pending an internal investigation into his role in Sandline negotiations
- 21 April 1997** Acting Finance Secretary James Loko tells inquiry that on 24 January he had instructed the Governor of the Bank of PNG to transfer K33.6 million from the float proceeds of Orogen Mineral Limited to the Waigani public accounts

to finance the Sandline initiative. On the same day, he wrote a minute to the First Assistant Secretary of the Public Accounts Division instructing him to process a manual cheque for the same amount to North Fly Highway Development Corporation

Loko also tells inquiry that K26.4 million was diverted from the recurrent budgetary expenditures of several national government departments to make up the K50 million needed to finance the Sandline contract. He claimed that the receipt of government dividends in the second part of the year would have allowed the reimbursement of affected departments

22 April 1997

Acting Deputy Finance Secretary Vele Iamo tells the inquiry that the negotiating team that raised concerns about the contract comprised himself, State Solicitor Zachary Gelu, sacked Defence Force Commander Singirok and Defence Secretary James Melegepa

Mr Iamo says that the financing option chosen by Finance Minister Haiveta was for the State to lend North Fly Highway Development Pty Ltd (Roadco) the US\$36 million needed to fund the Sandline proposal. The interest free loan would be treated as 'sunk costs' and be recovered when the Panguna mine re-opened

23 April 1997

Stood down Prime Minister Chan tells inquiry that he changed his mind in favour of hiring Sandline after an increase in rebel activity in November 1996

Sir Julius also denies there were any serious discussions about the government acquiring CRA's majority shares in the Panguna mine

Sacked Defence Force Commander Singirok makes a public appeal to raise funds for his legal representation following Acting Prime Minister

Giheno's decision to reject a recommendation by the Commission that the State fund Singirok's legal costs

NEC defers consideration of the draft *Bougainville Peace Strategy* proposed by Peter Barter, Minister for Provincial and Local Government Affairs

24 April 1997

Stood down Deputy Prime Minister and Finance Minister Haiveta tells inquiry that he believed it was essential to pay Sandline before the contract was finalised because this was crucial to ensuring the supply of military equipment for the Bougainville operation. Proper tender procedures were not followed because the project was 'top secret'

28 April 1997

Prime Minister's Departmental Secretary Noel Levi tells the inquiry that in September 1996 he was informed by the British High Commissioner and an informant in London 'not to touch Plaza 107' when inquiring into the background of Sandline

Stood down Defence Minister Ijape denies telling former Commander Singirok that he would become a rich man if he agreed to engage Sandline

1 May 1997

Inquiry adjourned until 12 May after the conclusion of oral evidence

5 May 1997

Early morning police raids on the offices of MELSOL, ICRAF, PNG Trust and the PNG Watch Council—NGOs that had been involved in protesting the Sandline initiative. Computers, floppy disks, books and confidential files are seized and PNG Watch executive officer Jonathon Oata is arrested and charged with three counts of illegal assembly relating to the Sandline protests

Meeting takes place between senior police and army officers in Port Moresby to defuse a tense situation amid rumours of the proposed arrest of

former Commander Singirok. Police deny the rumours

Bomb scares reported at several government departments including Vulupindi Haus, Revenue House and the Aopi Centre. No bombs found

6 May 1997

Two more NGO officials—John Napo and John Kawowo—arrested and charged with unlawful assembly. Police claim arrests were part of a pre-election operation targeted at areas and residences suspected of having illegal arms and ammunition. Search warrants, however, specifically order the seizure of material ‘in relation to the recent political unrest in the NCD, in relation to the Sandline issue’

Arrests condemned by Parliament Speaker Sir Rabbie Namaliu, PNG trade Union Congress general secretary John Paska and Melanesian Alliance leader John Momis

8 May 1997

The National Court orders the return of confiscated NGO documents

Defence Department pulls out of Murray Barracks after armed soldiers confiscate the vehicle of Acting Secretary Stephen Raphael

12 May 1997

ICRAF Director Powes Parkop arrested and charged with unlawful assembly over Sandline protests

Counsel for the State, Marshall Cooke QC, informs reconvened Commission of Inquiry of his objection to the recent investigatory visit to Hong Kong by Commissioner Andrew and counsel assisting the inquiry, Ian Molloy

Marshall Cooke QC tells inquiry that there is no evidence to suggest that political leaders or senior public servants received bribes or other benefits from the Sandline contract. He also claims that Singirok contradicted himself in his oral evidence to the inquiry, and misled his troops and the public by not telling them that he

was part of the team which led to the state entering into the Sandline contract

13 May 1997

In his final submission Peter Donigi, counsel for Singirok, states that the decision to hire Sandline was unconstitutional and the Ministers and senior public servants involved should be punished

14 May 1997

Rupert McCowan is dismissed by Jardine Fleming who stated that he acted independently in his activities concerning the Sandline deal
NEC endorses the return of funds allocated to pay the second 50 per cent payment under the contract (K25.034 million) currently in the Roadco account to the Public Account at the Bank of PNG

19 May 1997

Media reports calls by Manus Governor Stephen Pokawin to Police Commissioner Nenta to drop charges against NGO leaders

20 May 1997

Police Commissioner Nenta replies that police will continue to press charges of unlawful assembly against NGO leaders

21 May 1997

Port Moresby police commander Sam Inguba refutes allegations by Major Walter Enuma of harassment of family members of the Defence Force personnel involved in *Operation Rausim Kwik*

Defence Force Acting Chief of Staff Colonel Reg Renagi orders an internal investigation into a Lieutenant Colonel's allegation that he was assaulted by Major Enuma

23 May 1997

Newspaper advertisements taken out by MELSOL and ICRAF invite 'citizen's arrests' of Sir Julius Chan, Chris Haiveta and Mathias Ijape
Acting Chief of Staff Colonel Reg Renagi tells reporters that the defence force had a 'very serious' funding problem and was having difficulty feeding its troops

- 25 May 1997** Sir Julius condemns NGO threats as ‘dangerously provocative and inflammatory’. He continued ‘MELSOL and ICRAF seem hell-bent on a direct confrontation—between themselves and the rest of PNG’
- 26 May 1997** Acting Defence Secretary Steven Raphael says he suspects soldiers were behind an attack on his family outside his home on Friday 23rd
Boroko District Court dismisses firearm charges against Major Enuma after police witnesses fail to turn up in court
Major Enuma enters a plea of not guilty to a separate charge of assaulting Lieutenant Colonel Karl Malpo
- 28 May 1997** NEC approves the *Bougainville Peace Strategy* proposed by Minister for Provincial and Local Government Affairs, Peter Barter
- 29 May 1997** ABC News reports that Commissioner Andrew has completed and delivered his report to Acting Prime Minister Giheno. Giheno refuses to release report before he has had time to study it. Claims it could take ‘two or three weeks’ before he is in a position to release it. Voting in the national elections due in just over two weeks
Acting Prime Minister Giheno announces that the NEC has approved the *Bougainville Peace Strategy*
Former Commander Singirok calls for the public release of the inquiry report
- 30 May 1997** Mr Justice Andrew orders that the US\$400,000 cash taken from Tim Spicer, and which Sandline is seeking to recover, be placed in the custody of the Registrar of the National Court pending any applications for its release. The PNG Internal Revenue is seeking to recover income tax payable by the mercenaries
- 1 June 1997** Former Commander Singirok claims to have been

shown sections of the inquiry report by a former Chan associate, businessman Nick Violaris, who allegedly tried to arrange a meeting between Singirok and Sir Julius to resolve differences between them. Accuses Chan's associates of treating PNG law with contempt

Sir Julius's office later released a statement claiming Singirok had approached Violaris to organise a meeting with Sir Julius to discuss Singirok's future. Statement claimed Singirok wanted a two-year study scholarship in the United States or a diplomatic posting

Acting Prime Minister Giheno cuts short an electioneering trip to his electorate to return to Port Moresby to deal with the Sandline Inquiry Report

2 June 1997

Acting PM Giheno suspends the Head of the PM's Department, Noel Levi, pending an investigation into the leaking of the Sandline Inquiry Report

Sir Julius announces his resumption of office claiming the Andrew inquiry report clears him of any wrongdoing. Meanwhile, John Giheno states he is still Acting Prime Minister until he publicly releases the report. Giheno also proposes establishing a second inquiry with broader terms of reference

NEC approves the promotion of controversial Colonel Leo Nuia to the rank of Brigadier General and his appointment as new Commander of the Defence Force (see 10 July 1997)

In London Sandline expresses its willingness to fulfil its obligations under the contract with the PNG government

Chan officially releases the Sandline Inquiry Report

- 3 June 1997** Attorney General, Sao Gabi, announces that Sir Julius Chan is legally back in office as Prime Minister. Chan calls a meeting of departmental heads to tell them he is back in charge
- 4 June 1997** Opposition leader Roy Yaki condemns the government's handling of the Sandline inquiry and vows to set up a new inquiry if voted into power after the election
- Media reports of tensions in the Defence Force over Colonel Niua's appointment as Commander
- 6 June 1997** Giheno backs down from showdown with Sir Julius Chan and accepts Chan's resumption of duties as Prime Minister
- 8 June 1997** Former Commander Singirok speaks out against the controversial appointment of Leo Niua as Defence Force Commander
- In London Sandline's Tim Spicer states that he believes the military option is still the best solution to the nine year Bougainville conflict
- 9 June 1997** Leader of *Operation Rausim Kwik* Major Walter Enuma pledges support to the government and his new commander, Brigadier General Leo Niua. Simultaneously states that any action against officers and soldiers involved in the operation against Sandline must wait until a new government takes office after the elections
- 11 June 1997** Singirok reported to be touring the Highlands explaining his role in the Sandline deal, his reasons for opposing its implementation, and the subsequent inquiry report. Singirok reported to be using the MELSOL Highlands network. MELSOL also reported to be supporting candidates in the election. Singirok reported to have endorsed the candidature of three independents: Anton Goiye (Chimbu Regional), Peti Lafamana (Goroka Regional), and Father Robert Lak (Western Highlands Regional)
- Singirok reported drawing large crowds in High-

- lands. Still asking for donations for his legal costs
- 13 June 1997** Brigadier General Niu states that a Defence Force board of inquiry will be appointed to examine the actions of some servicemen during the Sandline crisis. Tells senior officers at Murray Barracks that the reputation of the PNGDF has been called into question by a breakdown in discipline and command control. States that there is no room for politics in the force and confirms civilian control of the military
- Singirok applies for a court injunction to restrain the new commander from evicting him from the official residence of the commander while awaiting suitable alternative accommodation at Murray Barracks
- 14 June 1997** Polling commences in PNG's fifth national elections since Independence
- 28 June 1997** Thirteen soldiers appear before Wabag District Court in Enga Province following their arrest on 26 June, charged with setting up an unauthorised force
- Polls close in national elections
- 29 June 1997** National elections operation commander in Wabag, Superintendent John Wakon, tells media that police believe they have uncovered a covert operation by a candidate in the Highlands to secure his election by using renegade soldiers who had taken part in *Operation Rausim Kwik*. Wakon claims that Defence HQ confirmed that the troops were not authorised to be in Enga or be involved in the election. The soldiers were reportedly arrested in Wapenamanda the day after polling occurred there
- Superintendent Wakon reports that police have launched a nationwide manhunt for Major Walter Enuma in connection with his alleged role in setting up an authorised force that took control of polling in parts of Wapenamanda. Police also

claim that another eight soldiers were detained in Margarima (SHP) on 19 June and later sent back to Port Moresby. According to police, these soldiers were part of a large unauthorised force deployed throughout the country on the pretext of providing security at polling booths

Major Enuma subsequently threatens to sue Superintendent Wakon for defamation. Claims he had an arrangement with the Electoral Commission to escort one of their senior officers on a visit to Enga. Claims that after providing this escort, the soldiers were stopped by electoral officials outside Wabag and asked to escort two ballot boxes back to Wabag

3 July 1997

National Court rules that Singirok has no reason to continue living in the official commander's residence, and lifts the injunction preventing him from being evicted

Police Commissioner Nenta states that Major Enuma and his soldiers were not authorised to participate in special operations during the elections, and that their actions were 'totally illegal'

Brigadier General Leo Niua reported to have executed a warrant for the arrest of Major Enuma and his troops to face charges under the Defence Force Act

4 July 1997

Singirok vacates the official residence of the Defence Force commander

7 July 1997

The governors-elect of Eastern Highlands, Chimbu and Western Highlands—Father Robert Lak (WHP), Father Louis Ambane (Chimbu) and Peti Lafamana (EHP)—promise to clear up matters relating to the Sandline issue. The governors-elect say they have advised their lawyers to obtain a court injunction to stop the government from moving large sums of money out of the country, claiming they were informed that

the government was intent on paying the balance of the Sandline deal. The three newly elected members say they will not work with those involved in the previous government as to do so would be against their principle of fighting corruption

10 July 1997

In one of its final acts, the Chan Cabinet dismisses Singirok from the PNG Defence Force after 15 years of service. Same meeting re-enlists Colonel Niua in the PNGDF, promotes him to the rank of Brigadier General and appoints him as the new commander. At Niua's initial appointment on 2nd June the government had overlooked the fact that he had been de-commissioned in 1996 and therefore could not be promoted and made Commander until he was re-commissioned as an officer

11 July 1997

Brigadier General Niua warns PNGDF personnel to abide by PNGDF rules and that those in breach will face severe disciplinary action

12 July 1997

Weekend Australian publishes story by Mary-Louise O'Callaghan revealing that in the 12 months leading up to the Sandline crisis, a total of K72,000 had been deposited into Singirok's UK bank account by London-based arms and military equipment dealer, J & S Franklin

Singirok acknowledges receipt of the money, denies any impropriety and claims his relationship with Franklin boss, Sydney Franklin, is one of personal friendship

Singirok accuses reporter O'Callaghan of colluding with certain 'PNG cohorts' to influence the outcome of the formation of the new government

13 July 1997

National Alliance leader, Sir Michael Somare, pledges that an Alliance-led government will re-open the Sandline inquiry

14 July 1997

Former Finance Minister Masket Iangalio claims that the allegations of corruption surrounding the Sandline deal are the most important election issue and any new government is obliged to re-open the inquiry

Deputy Opposition leader Simon Kaumi describes media publication of Singirok's bank account as a provocative attempt by foreign interests to meddle in PNG political affairs

Singirok's lawyer, Peter Donigi, questions the timing of the media revelations, claiming they are part of a personal vendetta against Singirok. Acknowledges that if the revelations are true, Singirok is in breach of PNG laws

15 July 1997

Sandline launches an action in the English High Court to recover over US\$20 million (K27 million) it claims it is owed by PNG government. Sandline financial controller Michael Grunberg reveals that Sandline issued a High Court writ on June 23 which sought US\$18 million (the balance on the original contract), US\$1.33 million for additional costs incurred when the contract was suspended; US\$400,000 (cash seized from Tim Spicer), and US\$250,000 for consultancy fees. In addition, Sandline claims storage fees for military equipment at the rate of US\$50,000 a month and interest at the rate of US\$4,500 a day. Grunberg claims the PNG government had refused to accept the High Court writ, forcing Sandline to initiate new proceedings to overcome jurisdictional problems

Return of election writs

16 July 1997

Supreme Court reject an appeal by private lawyer and unsuccessful election candidate Rimbink Pato against a National Court decision dismissing a legal challenge against the engagement of Sandline by the PNG government

- 17 July 1997** PNGDF Chief of Staff Colonel Jack Tuat blames former commander Singirok and his supporters among the troops for destroying the credibility and unity of the PNGDF
- Tuat alleges that soldiers supporting Singirok had caused problems in the Highlands during polling
- Tuat claimed that Major Walter Enuma, leader of *Operation Rausim Kwik*, had been absent without leave and was currently classified as an ‘illegal absentee’ which would lead to his automatic termination from the PNGDF
- 22 July 1997** New Parliament meets for first time and Bill Skate is elected Prime Minister, beating his nearest rival, Sir Michael Somare, by 71 votes to 35. He promises a new Commission of Inquiry into not only the Sandline deal but also a number of other controversial transactions involving the former government
- 23 July 1997** Police Commissioner Nenta announces that Singirok is expected to be arrested and charged in relation to the Sandline affair upon his return from vacation in Australia
- Amnesty International calls on PNG authorities to drop the charges of unlawful assembly against the NGO leaders arrested in relation to the Sandline affair
- Pangu Pati and People’s Progress Party, both partners in the new government, support Prime Minister Skate’s call for a further inquiry into the Sandline affair
- 25 July 1997** National Court rejects a challenge by Singirok against his dismissal and decommissioning from the PNGDF
- The case against the four NGO leaders adjourned until 29 August
- 26 July 1997** Major Walter Enuma arrested and charged with raising an illegal force

28 July 1997

Armed soldiers loyal to Major Enuma forcibly release him from the Boroko police cells and subsequently place Defence Force Commander Brigadier General Niuia under house arrest at Murray Barracks

After tense negotiations, Prime Minister Skate orders police to place on hold all charges against military personnel and members of NGOs involved in actions against the engagement of Sandline

Skate also directs that 16 soldiers being held at Baisu jail outside Mount Hagen on election-related charges be released on bail

Australian Foreign Minister, Alexander Downer, expresses grave concern at the new military tensions in PNG

29 July 1997

Brigadier General Leo Nuiia accuses lawyer Peter Donigi, who was involved in previous day's negotiations between rebel soldiers and the government, of interfering in the affairs of the PNGDF

Members of the Police Serious Crime and Armed Robbery Squad threaten to halt all criminal investigations in protest at the forced release of Major Enuma and Prime Minister Skate's directive to put all Sandline charges on hold

30 July 1997

The Bougainville security forces Commander Lieutenant Colonel Tokam Kanene condemns the unlawful release of Major Enuma by soldiers

Peter Donigi denies that he was behind the Prime Minister's decision to put Sandline related charges on hold

The National reports that London-based arms dealer Sydney Franklin had tried unsuccessfully to sell three Singapore-built naval vessels to the PNGDF for K1 million each; The vessels were reportedly among five refurbished frigate-class

attack patrol boats proposed for the PNGDF naval element by former Commander Singirok

Internal Affairs Minister Thomas Pelika announces that the Prime Minister's directive to put on hold criminal charges against key players in the Sandline affair does not cover the sixteen soldiers arrested and charged in Mount Hagen

31 July 1997

Major Walter Enuma calls on Police Commissioner Nenta to drop all the charges against former Commander Singirok, the 16 detainees in Mount Hagen and himself

5 August 1997

Major Enuma says he wants to see a speedy return to normalcy in the PNGDF but admits this is unlikely under the command of Brigadier General Nuiua. Enuma claims that Commander Nuiua established a Special Operations Group in early July which has been used to intimidate soldiers involved in *Operation Rausim Kwik* or otherwise associated with himself or former commander Singirok

Attorney-General Sao Gabi says Singirok's alleged dealings with London-based arms dealer J & S Franklin were among 12 terms of reference that he has submitted to Prime Minister Skate for approval by Cabinet

People's Progress Party leader Andrew Baing and deputy leader Michael Nali blame Deputy Prime Minister Chris Haiveta for having watered down the original Sandline inquiry terms of reference

6 August 1997

Deputy Prime Minister and Pangu Pati leader Chris Haiveta refutes PPP claims

8 August 1997

Prime Minister Skate says he is consulting with his coalition partners and the Opposition before finalising the terms of reference for the new inquiry

Australia informs PNG that it is unable to provide a realistic valuation of the military hardware

being stored in the Northern Territory as it has no comparable equipment in service. Suggestion is made that the equipment is not particularly valuable

10 August 1997

Deputy Prime Minister Haiveta says he is prepared to stand down for the duration of the new inquiry

Prime Minister Skate announces 14 terms of reference for the Sandline Commission of Inquiry to be headed by Justice Kubulan Los of the National Court, assisted by principal magistrates Mekeo Gauli and Raphael Apa

New terms of reference include identifying the beneficiaries of the first US\$18 million payment made to Sandline in January; ascertaining the 'true relationship between Mr Haiveta and Mr McCowan' and that between 'Sir Julius Chan and Mr Nicos Violaris'; examining the results of an investigation by the Australian Securities and Corporate Affairs Commission into possible illegal share trading; the circumstances surrounding payments made by J & S Franklin to former commander Singirok

Prime Minister Skate also announces that the government will establish an independent Anti-Corruption Commission

Opposition release their own suggested terms of reference. In addition to the Sandline contract, these include the Orogen share flotation, the sale of the New Britain Palm Oil Development, and trading in Bougainville Copper shares

11 August 1997

Boroko District Court in Port Moresby revokes the warrant of arrest issued against Major Enuma in connection with the charge of raising an illegal force during the June elections; Enuma granted K200 bail

12 August 1997

Former Prime Minister Sir Julius Chan welcomes the reopening of the Sandline Inquiry but

describes some of the terms of reference as vindictive and highly personalised

Chan also files a defamation suit against former commander Singirok over statements made by Singirok to the media in March

19 August 1997

Enga Governor Peter Ipatas confirms that there was a 'rebel force' in Enga during the national elections

Commencement of a Defence Force board of inquiry presided over by deputy Defence Force judge, Justice Hinchliffe, assisted by Defence Force magistrate, Richard Cherake, and magistrate, George Manuhu. The inquiry, originally set up by former Defence Minister Mathias Ijape, has been delayed since July because of the elections and other administrative reasons. This inquiry is to: investigate and report on all circumstances surrounding the involvement of PNGDF personnel in events leading up to, during and following 17 March 1997; and investigate any breaches by defence force personnel of the Constitution, the Defence Act and Code of Military Discipline, Criminal Code, Firearms Act, the Public (Finance Management) Act and any other laws of PNG

27 August 1997

Lawyers raise problems of ambiguity with the terms of reference of the new Sandline Inquiry

Lawyers representing former Prime Minister Chan tell Commission that they are requesting Prime Minister Skate to extend the terms of reference to examine the events surrounding the civil unrest in March

28 August 1997

Four PNGDF officers, including Major Walter Enuma, appear before a military court charged with mutiny arising from events surrounding the Sandline affair; The military court is presided over by Defence Force judge Justice Mark Sevu.

The case is adjourned and four officers granted bail

Prime Minister Skate states that the new Sandline Inquiry may be delayed owing to difficulties with the terms of reference

29 August 1997

Sandline Inquiry postponed for three weeks (until 22 September) following Prime Minister Skate's announcement that the terms of reference would be reviewed

Major Walter Enuma found guilty by Boroko District Court of assaulting Lieutenant Colonel Karl Mapo and placed on a good behaviour bond for three months and ordered to pay K200 surety

3 September 1997

Prime Minister Skate and Defence Minister Mao Zeming confirm that the PNGDF Board of Inquiry has been halted pending the outcome of the new Sandline Inquiry

8 September 1997

Justice Hinchliffe confirms that the Defence Minister has formally requested that the Board of Inquiry be halted until the new Sandline Commission of Inquiry is completed. Hinchliffe says the Board will decide whether or not the Sandline Commission impinges on the Defence Force Inquiry after it views the new Sandline Commission's terms of references and the Board adjourns to await announcement of the amended terms of reference

Counsel for Major Enuma asks Defence Force judge Justice Mark Sevua to disqualify himself from presiding over the court martial of Major Enuma and four other officers. Counsel, Powes Parkop, refers to comments the judge had made in the press concerning the breakdown in discipline in the PNGDF caused by a handful of soldiers. Justice Sevua defers a decision on the issue (see 24 September 1997)

- 12 September 1997** Singirok's lawyer receives summons charging Singirok with sedition. Charged under Section 54(1) of the Criminal Code with publishing seditious words and writing in his address to the nation of 17 March
- 17 September 1997** Governor-General Sir Wiwa Korowi refutes claims by the NIO that *Operation Brukim Skru* was part of the anti-Sandline campaign. A NIO report had claimed that *Operation Brukim Skru* was an anti-corruption lobby linked to NGOs like MELSOL and ICRAF
- 19 September 1997** Police announce that they are ready to proceed with the prosecution of Major Walter Enuma for setting up an illegal force. Case to be heard after completion of the trial of sixteen soldiers in Mount Hagen on the same charge
- New terms of reference for Sandline Inquiry announced. The Los Commission is asked to investigate: whether Chris Haiveta, Rupert McCowan or anyone else had arranged to buy or sell BCL shares in January or February 1997; the outcome of the Australian Securities Commission investigation; the business activities of Nicos Violaris and any connections with PNG leaders; the legality of the creation of a loan agreement by the directors of the North Fly Development Company for transmitting Sandline funds; the legality of Singirok's actions during the Sandline crisis; the quality and price of equipment purchased by Sandline; whether any secret payments or commissions were paid under the Sandline deal; whether within the past three years any PNG leader or public official has received improper payments from suppliers of military equipment to the PNG state
- 22 September 1997** The Opposition apply to be represented before the new Sandline Commission of Inquiry. The Inquiry is adjourned to 13 October to study the new terms of reference

24 September 1997 Defence Force judge Mark Sevua rules that he will not disqualify himself from presiding over the trial for mutiny of five PNGDF officers, including Major Walter Enuma. Counsel for the accused, Powes Parkop, indicates his intention to appeal Justice Sevua's ruling to the Supreme Court

The five officers (Major Enuma; Captain Bola Renagi; Captain Belden Namah; Lieutenant Michael David; and 2nd Lieutenant Linus Osaba) plead not guilty to the mutiny charges

Prosecution alleges that Captain Renagi led Captain Namah, 2nd Lieutenant Osaba and an unknown number of soldiers attached to the Special Forces Unit (SFU) in an illegal operation and took control of the operation centre at the PNGDF headquarters at Murray Barracks. Soldiers allegedly went to Commander Niua's residence and unlawfully detained him. Officers at the operation centre were also allegedly detained and prevented from discharging their normal duties. Lieutenant Colonel Carl Malpo was also allegedly detained and placed under house arrest

Prosecution also alleged that between 4.40 and 4.45am on 28 July, Captains Renagi and Namah and David together with an unknown number of soldiers went to the Boroko police cells and forcibly released Major Enuma from lawful custody and returned to the army barracks where their illegal operation continued until 5.30pm when they released Commander Niua and Lieutenant Colonel Malpo

Throughout this operation, the accused (except Major Enuma) were allegedly in full military uniform and armed with military weapons

Prime Minister Skate admits during Question Time in the Parliament that he is related to Major Enuma (Enuma is married to Skate's step-sister)

but denies this has had any effects on his decisions

Prime Minister Skate denies having visited Major Enuma while he was in police custody and offering to pay for his bail

Skate also denies having been pressurised to 'water down' the terms of reference for the second Sandline inquiry. He states that the changes made were determined in line with concerns raised by the various counsel at the commencement of the second Commission of Inquiry

Counsel representing former Commander Singirok in his trial for sedition says he may apply to the Courts to stop the new Sandline Inquiry proceeding as it might jeopardise his client's constitutional rights

26 September 1997 Former Defence Force Commander Jerry Singirok appears in Waigani District Court for his committal hearing on sedition charges. Trial adjourned to 17 October

3

Preparation for war and progress towards peace—Bougainville dimensions of the Sandline affair

Anthony J. Regan

The allegations of corruption in government made by Brigadier General Singirok in his address to the nation of 17 March 1997 tended to become the focus of public debate about the Sandline affair. As a result, discussion has tended to ignore or downplay the extent to which pressure on the Chan government to make some progress towards resolving the nine year old ethno-nationalist conflict on Bougainville was a factor in government decision-making on Sandline.

This paper explores some aspects of the connections between the Bougainville conflict and the events surrounding and following the decision of the Papua New Guinea government to engage Sandline. Examination of the as yet incomplete evidence concerning these matters illuminates three main issues. The first concerns the extent to which the prime minister's ambition to solve the Bougainville conflict before the general election, due in June 1997, was a major factor in the decision to engage Sandline. The second concerns the nature of Sandline's proposals concerning Bougainville, and the superficial and deeply flawed analysis of the broader situation in Bougainville upon which those proposals were based. (Indeed, it seems most unlikely they would have contributed to resolution of the conflict had they been proceeded with.) The third issue concerns the various ways in which both reactions to the engagement of Sandline and the ejection of

Sandline from Papua New Guinea by the PNGDF have contributed to progress towards peace in Bougainville in the second half of 1997.

The Sandline Proposals as a “Solution” to the Bougainville Conflict

Experience in the past forty years in many post-colonial states demonstrates that ethno-nationalist demands have presented grave problems to policy-makers. Where such demands have contributed to armed secessionist conflict the policy dilemmas for new and fragile states can be especially intense. The particular problems Papua New Guinea has experienced in dealing with secessionist conflict in Bougainville since 1988 have been exacerbated because of problems in the national government policy-making environment, as discussed in my earlier contribution to this volume.

Bougainville and Papua New Guinea

The origins and development of the conflict in Bougainville have been discussed elsewhere (May and Spriggs 1990; Dorney 1990:117-149; Spriggs and Denoon 1991; Oliver 1991; Wesley-Smith 1992; Regan 1996). Only three general issues concerning the conflict need to be highlighted to illuminate my analysis here.

First, the ethno-nationalist demands in Bougainville are related to longstanding divisions and deep-felt concerns. Originating at least as early as the 1960s, such demands presented grave problems to policy-makers from well before independence. The problems of contemporary policy-makers have certainly been in part a legacy of mistakes of their predecessors over thirty years.

Secondly, since the tensions developed into armed conflict in 1988, the situation in Bougainville has become so complex that the conflict is not susceptible to quick or simple solutions, either military or political. In particular, Bougainvilleans have become deeply divided along numerous lines within and between families, villages and language groups. Localized conflicts are now being conducted through, and are being influenced by the conflict between, the various armed groups of Bougainvilleans which have emerged from the main dispute between the Bougainville Revolutionary Army (the BRA) and the national government. These groups include not only the BRA elements fighting for independence and the so-called ‘resistance’ (or ‘resistants’) armed by the national government, but also less formal and more criminal

elements, some of which drift into and out of association with both the BRA and the resistance fighters. The difficulties of resolving the conflict are influenced by the fact that some Bougainvilleans and (arguably) some individuals at the national level are either benefiting from the conflict in various ways or are concerned for their position or personal security should the conflict end through a negotiated settlement.

The third issue concerns the many-faceted impact of the conflict which has made it the central policy problem faced by successive governments since 1988. The cost to Bougainville and the rest of Papua New Guinea has included: deaths and injuries to many hundreds of persons; disruption of tens of thousands of lives; destruction of infrastructure and government services; loss of potential government revenue, economic activity and livelihoods; and deepening of ethnic tensions. All these have stressed Papua New Guinea as a whole.

Among other things, these issues are relevant to understanding both the reasons for and the pressure on the national government created by the failure of numerous efforts to resolve the conflict (by both military means and negotiations) by successive governments from 1988 to mid-1994 when Sir Julius Chan became prime minister.

Frustration about the Bougainville situation

There seems little doubt that an important factor in the January 1997 decision to engage Sandline included the frustration of prime minister Sir Julius Chan and others in his government about the lack of progress towards resolution of the Bougainville conflict despite their 1994 decision to make that outcome a government priority. A related but additional factor was Chan's desire to achieve progress in Bougainville in order to gain political advantage in, and after, the national elections due in the middle of 1997.

Upon becoming foreign minister as well as deputy prime minister in the Wingti government in January 1994, Chan was well aware of the failed attempts to resolve the conflict through negotiations and through military action since 1988. The most recent efforts by the Wingti government had involved a military campaign to take and hold the Panguna copper mine in Central Bougainville. Well aware of the risks involved, upon becoming prime minister at the end of August 1994 Chan announced that Bougainville was 'top in his

priorities' and that he was taking personal responsibility for all aspects of efforts to resolve the conflict (*Post-Courier* 1 September 1994).

A complex mix of motives was involved. There was a genuine concern to solve a problem which was sapping the strength of the country. In addition, it seems likely that Chan was motivated by a strong personal desire not only to go down in Papua New Guinea's history as the Prime Minister who solved the Bougainville conflict but also to enhance his reputation as a significant regional statesman, capable of dealing with one of the major problems of the region.

Prior to the January 1997 decision to engage Sandline, Chan had pursued his goal through a succession of three main strategies: first, attempts at direct negotiation late in 1994; secondly, creating the Bougainville Transitional Government (the BTG), partly as a moderate intermediary to unite the disparate Bougainville leadership during 1995; and thirdly, a return to reliance on military force during 1996.

While each strategy requires brief elaboration, the general point should first be made that each of them tended to be based on the flawed assumption that rapid progress towards resolution of the conflict was possible. Several factors were involved here. Chan himself was an autocratic figure who not only had complex motives for making Bougainville a priority, but also had a limited understanding of the complexity of the situation in Bougainville. The brief time in office guaranteed him by the Papua New Guinea constitutional and political framework (see the discussion in my second contribution to this volume) tended to make him impatient for rapid progress. Senior officers in the highly politicized and poorly coordinated public service also had limited understanding of the Bougainville problem. In the face of the complexity of the situation, some had adopted narrow nationalistic and even racist positions. The key agencies had tended to develop their own distinct agendas and narrow interests in their approaches to Bougainville policy issues. As a result, Chan received contradictory, simplistic and unbalanced advice on the subject.

As for Chan's first strategy (a negotiated settlement), under his direction as foreign minister in mid-1994 largely secret contacts had been established with the BRA and its civilian government wing, the Bougainville Interim Government (BIG). These were just about to bear fruit when he became prime minister and as a result he attended meetings in Honiara with BRA commander, Sam Kauona, early in September 1994. Agreement was reached on a ceasefire between the

BRA and the Papua New Guinea security forces and the holding of a major pan-Bougainville peace conference in Arawa in October 1994. Shortly afterwards Chan achieved a long-held dream of establishing a pan-Pacific peacekeeping force when regional support was obtained for security for the conference to be provided by a peace keeping force from Tonga, Fiji, Vanuatu and New Zealand, with Australian fiscal and logistical support.

Chan's high hopes that the Bougainville conflict would be resolved at the Arawa conference were dashed and Chan himself humiliated by the refusal of the BRA/BIG leaders to attend it. From that point Chan's ability to deal creatively with the Bougainville conflict was limited by a degree of personal animosity that he felt towards the leaders he blamed for his humiliation on both the national and regional stages.

Ironically, it was the high expectations which the peace conference had generated among ordinary Bougainvilleans which provided the basis for development of Chan's second strategy. This was, however, an approach which Chan and his advisers were never entirely comfortable with. Developed by moderate Bougainvillean leaders, the strategy of uniting Bougainville's leaders was never well understood or entirely accepted at the national level. Part of the problem was mistrust, among many at the national level, of the key Bougainvillean leaders, who were regarded as being too close to the BRA/BIG. (Indeed, key officers in the PNGDF and the PNG Department of Foreign Affairs and Trade regarded the BTG as a 'Trojan horse' for the BRA/BIG.)

The strategy of establishing and using the BTG as an intermediary was largely based on proposals made by Theodore Miriung, a Bougainvillean and former acting National Court judge who had lived in the BRA-controlled areas of central Bougainville from 1990. The hopes for peace and normalcy generated by the Arawa peace conference had led to a significant split in the Nasioi-speaking population in the BRA controlled areas around Arawa and Panguna, among whom Miriung had emerged as a moderate leader for those willing to support the peace process.

Despite ambivalence, it was again in the hope of quick progress that in November 1994 Chan agreed to work with Miriung and other moderate leaders towards establishing a transitional provincial government for Bougainville (the BTG) which was to negotiate a long-term political settlement with the national government. The hope was

that progress in negotiating special government arrangements for Bougainville would encourage at least some of the BRA leadership to throw in their lot with the BTG.

Chan lost patience, however, when little progress was made towards involving the BRA in the eight months after the BTG was formally established in April 1995. Miriung was in a difficult position as he sought to balance the intense pressures upon him as main moderate leader attempting to bridge not only the deep divisions within Bougainville but also those between Bougainville and the national government. He had an unusually abrasive personality for a politician, and proved a difficult character for Chan to deal with (Regan 1996). His efforts to build bridges to the BRA provided political ammunition to both ministers and senior advisers deeply suspicious of his alleged close links to the BRA.

The key to the BTG strategy was agreement on a special political status for Bougainville. But progress on that issue was slow, with both the BTG and the national government concerned about isolating themselves politically by conceding too much to the other. Chan had to deal with not only suspicious national government ministers concerned about what was often considered the possible 'domino effect' of special arrangements for Bougainville undermining the country's new provincial structures, but also the various elements of the bureaucracy with their own agendas. Miriung felt constrained from agreeing to too much without assurances that what was agreed would be ultimately acceptable to the BRA. While a series of meetings between Chan and Miriung in mid-1995 made some progress on less central issues, such as an amnesty for persons who might be guilty of criminal offences arising from the Bougainville conflict, there was no evidence of any response from the BRA/BIG leadership to such tentative moves.

Miriung believed that progress with the BRA leaders to create preconditions for peace negotiations could only come by building trust between them and other Bougainvillean leaders. Even in the few months after the Arawa peace conference, before he became premier, he had tried to encourage a wide range of contacts with BRA and BIG leaders. By mid 1995 these contacts were bearing some fruit, and the possibility of direct talks between the BTG and the BRA/BIG leaders was being explored. But it was also about June 1995 that it became clear that senior security force members in Bougainville were deeply suspicious of the BTG contacts with the BRA, and they began placing

obstacles in the way of such contacts. Nevertheless, some contacts were maintained, and progress towards organizing talks continued. With the BRA and BIG leaders very concerned about their personal security, it became necessary to organize talks outside Papua New Guinea. Although Chan was reluctant, Miriung persuaded him of the need for such talks, which were held in Cairns, Australia, in September and December 1995. But after Chan listened to audio tapes of the proceedings of the December talks, he became convinced that the BTG was in fact too close to the BRA. As a result, by early 1996 he seemed to have largely given up on any prospect of making significant progress through the BTG.

With previous strategies being seen as failures, and under intense political pressure to achieve results in Bougainville, even if Chan felt he had a choice other than a military solution, events in the first months of 1996 left him with limited options. In January 1996 the security forces attacked the BRA leaders returning from the Cairns talks. The BRA responded by launching a major military offensive which resulted in the deaths of twelve security force members in February and March. Late in March 1996, under intense pressure from hardline members of his cabinet as well as from the Defence Force (PNGDF), Chan agreed to lift the ceasefire which had been regarded by the government as in effect since September 1994. In June 1996 the PNGDF launched a major military offensive, dubbed *Operation High Speed II*, which was intended to force the BRA to the conference table.

This third strategy was based on not only a desire for rapid progress but also a flawed analysis of the BRA/BIG position. It assumed the BRA/BIG could only be brought to the negotiating table if the national government was in a position of comparative military strength. But the strategy also took no account of readily available evidence of the relative strength and weaknesses of the BRA and the PNGDF. As a result, *Operation High Speed II* was a total failure, with the BRA inflicting a series of humiliating defeats on the security forces in central and south Bougainville. The operation officially ceased in August. A few weeks later, in September, BRA fighters in combination with local resistance fighters armed by the security forces carried out a massacre at Kangu Beach in South Bougainville, where eleven security force members were killed and five taken prisoner. A subsequent internal PNGDF inquiry established that the massacre was provoked by PNGDF command and discipline problems. On 12 October 1996, Premier Miriung was murdered, a coroner's report later implicating

PNGDF members and resistance fighters in the killing (PNG 1996).

The combination of the failure of *High Speed II*, the Kangu Beach massacre and the killing of Miriung had deeply adverse impacts on the morale and credibility of the PNGDF. As a result it was clear that a military option relying on the PNGDF alone was simply not viable. But just when he was left with no clear policy option, the pressure on Chan to make progress in Bougainville was never greater because of public outrage over the taking of the hostages and threats made by Kauona on national television to kill them if the PNGDF did not withdraw from Bougainville.

In summary, then, with each change in strategy, Chan found himself under increased pressure, with reduced control over developments. The abandoning of other options and the attempted resort to military action in 1996 had severely restricted his options. Both Chan and the PNGDF would have perceived a major back-down in returning to efforts to reach a negotiated settlement. Chan was not interested in considering seriously the humiliation he would have seen as involved in such a step.

His growing frustration with lack of progress and diminishing options was palpable. The failure of successive strategies to achieve the quick outcomes Chan so much desired did not, however, result in a critical reassessment of the assumption that an early resolution of the conflict was needed. Rather, the result was increased pressure to find the earliest possible solution. In this way, each successive strategy tended to be adopted with even less critical evaluation than the one before.

Chan's 1997 election strategy

The pressure on Chan in relation to Bougainville at the end of 1996 was increased by another factor, namely the approach of the general elections due in mid 1997. Chan's two periods as prime minister heading loose alliances of MPs (from 1980 to 1982 and from 1994) had made him intensely aware of the peculiar difficulties facing any prime minister trying to manage the Papua New Guinea political system. In 1988, commenting on the difficulties of managing Papua New Guinea coalitions he said:

This means that in order to stay in office the Prime Minister of the day has to spend a quite disproportionate amount of his time and energy keeping individual politicians "happy".

There are many unfortunate consequences. One is simply that the Prime Minister has little leeway to do his real job, which is to think about the country as a whole, to look ahead, to make rational choices and to pursue consistent policies designed to benefit ordinary people in the longer term (Chan 1988:247).

Chan hoped to become prime minister after the 1997 elections without needing to deal with those problems. It was no secret around Port Moresby in 1996 that he was planning for his People's Progress Party (PPP) to achieve a significantly greater presence in the National Parliament through the 1997 elections. The ultimate goal was for the PPP to have over half the seats, so that its leader could become prime minister without the need for support from other groups. To achieve a significant increase in its seats, a key part of the PPP strategy was for Chan to project himself as a leader who could 'deliver' to the people better than any other. In this connection, the completion—or near completion—of major capital works projects in Port Moresby (the Poroporena Freeway and the new Airport terminal) was intended to be the subject of much fanfare in the months immediately preceding the election.

Chan understood clearly that resolution of the Bougainville conflict, or at least significant progress towards its resolution, would have a dramatic impact on the PPP campaign. In this way, PPP electoral strategy was adding to the more general pressure on Chan to solve the conflict. But by the end of 1996, it must have seemed to him that events in Bougainville were conspiring against his electoral plans. His acceptance of the Sandline proposals is best understood in this context.

The Sandline proposals

The proposals made to the Papua New Guinea government by Sandline International at the end of December 1996 involved the use of sophisticated technology and special training to build the capacity of the PNGDF to defeat the BRA.

Development of the proposals

Proposals to use mercenaries in Bougainville were not new. They dated back to at least 1989 when the possibility of engaging Gurkha troops was mooted. A number of similar proposals had been made to government at different stages between 1989 and 1996. But there is no

evidence that Chan gave such proposals any credence prior to January 1997.

Evidence tendered to the Andrew Commission of Inquiry into the Sandline affair indicated that Minister for Defence Mathias Ijape had his first contact with Sandline principal, Tim Spicer, early in 1996.¹ Discussion then centred on proposals for supply of sophisticated military equipment to assist the PNGDF in the Bougainville conflict. In April 1997, Spicer met PNGDF commander Singirok in London and gave him a proposal entitled *Project Contravene*, costed at US\$30 million. A copy was sent by courier to Ijape, and Singirok advised Ijape on his return to Papua New Guinea that the proposal 'looked good' (PNG 1997:13). Ijape mentioned the proposal to Chan, who was not interested at that stage, regarding it as just one among several similar proposals previously made (*ibid.*). Well aware of the centrality of Chan to any decision about use of the services he was offering, Spicer sent two faxes to Chan in July 1996 concerning his proposals, but Chan made no reply (Chan 1997:7). Meanwhile, Spicer kept up his contact with Ijape, who put a further Spicer proposal to Chan in September. Chan referred it to his departmental secretary, Noel Levi, who advised against any involvement in it. Chan accepted that advice on 20 September (PNG 1997:14–15; Chan 1997:7).

Ijape was unable to attract other political support until October 1997 when Deputy Prime Minister and Finance Minister Chris Haiveta suddenly began to show interest in the subject. A meeting between Haiveta and Spicer was arranged by Rupert McGowan of the stockbroking firm Jardine Fleming when Haiveta was in London for meetings connected with the public float of shares in Oregon Pty Ltd, a company which holds a substantial proportion of the government's resource assets. Having been shown Spicer's earlier proposal, Haiveta 'expressed interest' and invited Spicer to visit Papua New Guinea (PNG 1997:15). As a result Spicer visited Port Moresby from 3 to 13 December 1996.² He had discussions over several days with Haiveta and Ijape and various government officers. As a result it was agreed that Sandline should provide a more detailed report on its proposals for dealing with the Bougainville conflict. A written agreement for provision of a report for a fee of US\$250,000 was signed between the secretary of Defence (James Melegepa) and Spicer on 9 December (*ibid.*).

The Sandline report on the proposed *Project Contravene* (Sandline 1996, Appendix 1 this volume) was prepared by Spicer in London and

he brought it to Port Moresby on 31 December. Copies were distributed to the few politicians and senior officials involved. Haiveta provided a copy to Chan (PNG 1997: 16). The introduction to the report indicates that in its preparation Spicer consulted six main people, namely, Haiveta, Ijape, Singirok and Melegepa, as well as Major Toropo, the officer commanding the PNGDF Special Forces Unit (the SFU), and the SFU Intelligence Officer, Lieutenant Diro. He also had a 'two day reconnaissance in the operational theatre in Bougainville' (Sandline 1996: para3).

On 7 January 1997, Ijape arranged for Spicer to meet Chan. Spicer was subjected to close questioning by Chan in at least two meetings on 7 and 8 January and at Chan's request provided two further written briefs on 8 January. Chan was apparently convinced of the viability of Sandline's proposal by what he heard from Spicer and without the proposal being subjected to closer evaluation it was considered by the cabinet on 15 January 1997, only eight days after Chan's first meeting with Spicer.

The proposals in Spicer's *Project Contravene* must have been almost irresistible to Chan for two main reasons. First, a quick and relatively easy resolution of the Bougainville conflict was promised. Secondly, clearly attuned to the political situation in Port Moresby, the *Project Contravene* proposals indicated that the conflict could be resolved well in advance of the election—by the beginning of April 1997.³

***Project Contravene* as the solution to the Bougainville conflict**

The December 1996 *Project Contravene* document is in two main parts, an introductory 'General Summary' which contains limited background analysis, and a 'Military Estimate' which sets out the nature of the military task to be undertaken and the strategy options open for carrying out the task. Both parts contain remarkably little analysis of the situation in Bougainville and the nature of the conflict there. Rather, the document purports to focus on the national government's problems in responding to Bougainville, and the main options for the military action Sandline indicated was necessary to resolve the conflict. To the extent that the *Project Contravene* document seeks to analyse the government's inability to resolve the crisis prior to Sandline's intervention, it apportions blame in two main directions: first, government policy was lacking the 'key ingredient' of 'a military directive to the Bougainville force commander, in which he is told to create the conditions by way of a military operation, whereby the

Government can defeat the rebels' (Sandline 1996); secondly, a conspiracy of external players involving at least Australia and New Zealand was identified. The document indicated that there was evidence suggesting:

... a wider dimension to the conflict than (sic) has not been appreciated hitherto ie. not only external support from the Solomon Islands but possibly a prolonging of the conflict as a deliberate policy by Australia/NZ in Order to slow down PNGs' economic potential (*ibid.*).

Hence the document assumes, with almost no analysis or argument, not only that the only possible solution to the conflict was a military one, but also that a major factor preventing the desired outcome being achieved was interference from those countries on which Papua New Guinea had traditionally relied for political, financial and military support.

As with the indication that the *Project Contravene* proposals could resolve the conflict prior to the election, the discussion of the alleged conspiracy suggests that Spicer was a clever salesman, well attuned to the concerns of those he had targeted for his sales efforts. The items listed as evidence of the conspiracy included perceived wrongs committed against Papua New Guinea by Australia (and to a lesser extent New Zealand) in the course of the Bougainville conflict, including the following:

- a. Lack of direct Australian military assistance in Bougainville.
 - b. Caveat of financial/hardware support not to be used in Bougainville—e.g. helicopters.
 - c. Lack of political impetus to assist Government of PNG with resolving the issue, except through negotiations/peaceful means, which is not practical at this stage.
- ...
- e. Allowing the BRA to have representative offices in Sydney.
 - f. Numbers of pro BRA/anti PNG articles in the Australia/ New Zealand press.
 - g. Little pressure on the Solomon Islands to stop active support for the BRA. (*ibid.*).

Spicer focused on issues of (at best) peripheral relevance which were calculated to have a strong emotive appeal to his client. This partly helps to explain why the *Project Contravene* document escaped not only thorough analysis of the constraints of the Bougainville situation but also why there was apparently no critical consideration of whether the proposed military operation was likely to contribute to

resolution of the conflict. (Another factor, of course, was the imperative of secrecy and the fact that almost no officials or advisers knew of the proposal.)

A number of military tasks were identified by Sandline as part of the military mission involved in achieving the stated aim of resolving the conflict before April 1997. Four options for courses of action for the government were identified. The first involved maintaining the military *status quo* and negotiating a political settlement. The second involved an accelerated military campaign with improved command structures and logistical support, at a cost of about US\$20 million. The third involved 'a high speed covert military operation to conclude the crisis in the required time frame'. The fourth involved 'a "coup de main" operation to seize the Panguna mine without taking on any other BRA targets', an option which was stated 'would get straight to the centre of gravity of the problem'.

The first option was rejected as unacceptable in terms of likely outcomes while the second was rejected as unable to achieve results in the accepted time frame (before the elections). The recommended course of action was a combination of the third and fourth options. In summary, there were to be several distinct phases. In phase one (from 10 January to 10 February) Sandline personnel would train the SFU and a selected group of Bougainville resistance fighters and move technical equipment to Bougainville. In phase two (10 February to 28 February) intelligence operations aimed at 'fixing' the enemy would be conducted, sea routes were to be interdicted and radio broadcasts through the Solomon Islands jammed. The third phase (during March 1997) would involve 'striking against five (sic) key targets' identified as 'Francis Ona, Radio Free Bougainville, J. Kaburi, Sam Karona, Morris Tisaripi and Ismail Toronau'.⁴ The fourth phase (also in March) was to involve the seizing and holding of the Panguna mine. The fifth phase (from the end of March and into April) would involve 'mopping up of enemy'. There were also to be 'subsequent operations' (from April 1997 onwards) involving reconstruction, and the opening of the mine.

Helicopters were to move troops and advisers rapidly from place to place and attack key sites, using not only the best possible intelligence but also sophisticated night vision and infra-red movement detection equipment. The range of weaponry and equipment to be supplied by Sandline (and retained by the PNGDF at the end of the three month contract) was identified in the Sandline

contract of 31 January 1997 (see Appendix 3). The exact details of the weaponry have never been made clear, but in a radio broadcast on 22 March 1997 Brigadier General Singirok commented on some of the missiles to be supplied saying: 'I know the effect on the ground would be devastating. For example, a missile would probably have a 500m killing range and it will have a devastating effect' (ABC National Radio, *Indian Pacific*, 22 March 1997).

The 'locations' where the five named BRA leaders were to be found were to be attacked and destroyed.⁵ Those involved were to 'kill or capture key commanders (preferable capture at least one to put on trial)' (Sandline 1996). The implication here was that it was at least highly likely those not captured would be killed. While the document mentions the need to minimize 'collateral' damage, the discussion of the issue in the document makes it clear that deaths of civilians were expected. Of course, the PNGDF personnel advising Sandline would have been well aware that the BRA/BIG leaders were extremely conscious of their personal safety, and lived in civilian villages, with the result that any attempt to kill or capture them was likely to result in significant 'collateral damage'.

It seems likely that Chan was concerned not only to keep Sandline's role focused on training of the PNGDF but also to minimize casualties in Bougainville, and especially civilian casualties. His public statements to this effect⁶ and his evidence on those issues to the Andrew Commission of Inquiry are supported by the content of the Cabinet submission of 15 January 1997 attached to his written submission to the Commission of Inquiry. Indeed, it may well be that Chan's aim was to modify, to some degree, the original Sandline proposals in relation to possible casualties among Bougainvilleans. On the other hand, both Chan's evidence to the Inquiry and the above-mentioned cabinet submission make it clear that some civilian casualties were expected.⁷

Sandline's assumptions

The proposals in the *Project Contravene* document were accepted with little question by the Papua New Guinea ministers in the National Security Council. Whatever the motivation of the other key ministers (Haiveta and Ijape), it seems likely that, for Chan, the policy dilemma in relation to Bougainville, coupled with his self-imposed pressures associated with the fast approach of elections were the major

influences. The only key officials involved in the discussion with Spicer prior to January 199—Singirok and Melegepa—seem to have had their role limited to briefing Spicer during his preparation of the proposals. There is no evidence that they made any critical evaluation of *Project Contravene* in the sixteen days between delivery of the document on 31 December and its endorsement by Cabinet on 15 January. Other bureaucrats had no opportunity to be critical, both because of the peculiar policy environment in Papua New Guinea and because of the secrecy surrounding the arrangements. Hence there was virtually no professional evaluation of Sandline or its proposals at the time the key political decisions were made.

It is clear, however, that even the most limited scrutiny of the proposals should have led the government to question them. In particular, it is difficult in the extreme to accept that even the death of the five key BRA leaders mentioned in the *Project Contravene* document would have resulted in significant progress towards resolving the conflict. Indeed, such deaths would have been far more likely to have the opposite impact. The January 1996 attack on the returning BRA leaders had led to an escalation of the conflict. Even if the nominated leaders had been killed, there would have been many other 'hardline' BRA leaders ready to take over and lead under what would have been regarded as the banner of the blood of the fallen martyrs.

Even if the significant surveillance technology and weaponry brought to bear by Sandline did make things very difficult for the BRA, it is likely that the most it would have done would have been to shift the military advantage towards the government. It would have been most unlikely that the BRA military capacity would have been destroyed.

More importantly, the deaths of senior leaders and of, no doubt, many civilians as part of the 'collateral damage' which would have inevitably occurred would probably have resulted in considerably deeper and wider support for the BRA cause among Bougainvilleans. In those circumstances, it seems highly unlikely that resort to the negotiating table would have been the first option, at least for 'hardline' leaders. Rather, the shift in military advantage would probably have forced the BRA into different forms of military action, perhaps more into terrorist activities on the PNG mainland. There would have been little likelihood of a complete end of hostilities.

It is clear that Spicer's assumption was that taking the Panguna copper mine would probably result in the end of the conflict. It is difficult to know whether this view was based on Sandline's assessments of the military situation or was more related to its proposed military operation, there is little reason to believe that the capture of the Panguna copper mine would have had any significant impact on the conflict in Bougainville on its own. Furthermore, even with all of Sandline's technology, it would probably have been very difficult to hold the extended area of the mine and the road and power links to it from the coast. It would have been even more difficult to reopen the mine and keep it operating with a hostile population around it.

In relation to financial interests in the mine, it is clear from both the *Project Contravene* document and from the evidence presented at the Andrew Commission of Inquiry that Sandline had a strong interest in the Panguna copper mine. There were several suggestions made at different points of the negotiations with Sandline about the possibility of Sandline or its associates obtaining some form of interest in the mine as a way of paying at least part of the costs of the operation. Even as late as 8 January, Spicer's briefing paper to Prime Minister Chan talked of the possibility of costs of the operation being 'recoverable from mine revenue—NB Purchase of the mine by Branch Minerals' (PNG 1997:25).

Impact of Sandline Affair on progress towards peace

Paradoxically, the Sandline affair contributed to the peace process by providing opportunities and creating room to move for moderates in both the Papua New Guinea government and among the BRA/BIG leadership. On the national government side, given that the PNGDF had demonstrated in 1996 its lack of capacity to defeat the BRA, the PNGDF action in rejecting the Sandline proposals effectively closed off the military option for resolution of the conflict, leaving the national government virtually no choice but to explore options for its peaceful resolution. But there were other ways in which the Sandline affair contributed to the search for peace at the national level.

First, opponents of the engaging of Sandline were prompted to develop an alternative 'peace strategy' which was ready for government to adopt once the PNGDF had prevented the Sandline proposals being implemented. Secondly, the public revulsion at alleged

human rights abuses involved in the proposals prompted by Singirok's rejection of the Sandline proposals, strengthened the position of those supporting peaceful resolution of the conflict.

On the BRA/BIG side, there had been grave concern about what the Sandline-led operations might mean for Bougainville, and yet while the PNGDF had been demonized for many years as the major obstacle to peace, it was the PNGDF commander who had prevented those operations proceeding. The resulting changed perceptions of the PNGDF contributed to opportunities for moderate BRA/BIG leaders which in turn contributed to the progress towards peace achieved at successive rounds of talks in New Zealand in July and October 1997.

The Barter peace strategy

The Chan government minister with responsibility for government administration in Bougainville was Peter Barter, the minister for provincial and local government affairs and regional MP for Madang. Prior to becoming minister in mid 1996 he had had limited exposure to the problems of Bougainville, but by late 1996 was increasingly concerned about the lack of attention being given by government to the possibilities of a negotiated and peaceful settlement of the conflict. As a result he had already been considering for some weeks the possibility of developing a comprehensive peace strategy for consideration of government when he attended the National Security Council meeting of 15 January 1997 which approved the adoption of the Sandline proposals.

Concerned about the likely problems involved in those proposals, in late January Barter obtained Chan's agreement to develop a peace strategy as an alternative to the Sandline proposals. As a result, Barter's department was directed to coordinate a committee of representatives of the key national government agencies responsible for Bougainville policy. During February and March the committee developed successive drafts of a detailed document which were circulated for discussion to the agencies and organizations most closely involved in Bougainville, including the BTG, the main churches and some key donors. Bougainville MPs were also involved in this process. The strategy was eventually endorsed by the National Executive Council under Acting Prime Minister John Giheno late in May 1997.

The strategy was developed at a time of grave political tensions within the national government over the engagement of Sandline, and

at a time when many in the national government had reached the conclusion that a peaceful resolution of the conflict in Bougainville was no longer possible. As a result, the final document was expressed with some care in an effort to expose policy-makers to alternative views. Rather than stating the likely outcomes of a peace process in detail (an approach which might alienate some policy makers) it instead focused on processes which might achieve peaceful resolution of the conflict.

Here I only have space to highlight some key points from the strategy. Of primary importance, it stated that the government's main objectives in Bougainville were 'to find a peaceful and lasting resolution of the Bougainville conflict, without reliance on military force', and also to achieve 'the restoration of basic services to the people of Bougainville' (Provincial Affairs, PNG 1997:1). A negotiated settlement was to be pursued at the same time as the goal of bringing about reconciliation among Bougainvilleans (*ibid.*:5). The BTG's peace initiatives were to be supported 'as the key to bringing together the divided leadership of Bougainville' (*ibid.*:2), thereby re-committing the government to Theodore Miriung's basic approach which had been virtually abandoned by Chan at the end of 1995. To avoid past confusion and conflict much improved coordination of the work of the national government agencies involved in Bougainville was required. A high level committee would be responsible for overseeing the development of operational plans by all relevant agencies, consistent with national government policies and with monitoring and evaluating the implementation of those plans. The document stated that a military solution was not possible, and required the government to redefine the role of the security forces in Bougainville.

The work involved in putting together the peace strategy itself contributed to progress towards peace. It brought together the main official/bureaucratic actors within the national government and improved their understanding of the problems of the Bougainville situation. It played an important educational role and something of a team-building role. The work done in developing the strategy in February and March meant that by April, when the government was ready to reconsider its Bougainville policy, an alternative policy was readily available.

The Skate government endorsed the Barter strategy in August 1997. But even before then, from the time of his election as prime minister on 22 July, Skate worked in directions consistent with the strategy.⁸ In

particular, the government has supported work towards a negotiated settlement. It has also established a department of Bougainville Affairs under a new Bougainvillean member of parliament, Sam Akoitai, which will carry out the coordination and monitoring role identified as so important by the Barter peace strategy.

Public response to the Sandline proposals

After the Sandline proposals were revealed in *The Australian* newspaper on 22 February 1997 (Appendix document 4), there was very limited public response to the threat of military action on Bougainville. Some concern was expressed that the contract was an insult to the military. Two constitutional challenges to the contract were initiated, one by an NGO activist, the other by an aspiring candidate in the forthcoming elections. There was some public support for a quick end to the crisis and for the provision of assistance to the PNGDF. Sir Julius Chan's public statements that the mercenaries would not be in the front line in Bougainville and were just to provide training to the PNGDF tended to be accepted at face value. In general there was very little concept of what was involved in the *Project Contravene* proposal.

It was not until Singirok's public statement of 17 March (Appendix document 7) that there was any broad public consciousness that widespread killing of civilians was quite likely as part of the Sandline operation. While the wide popular support for Singirok evident in Port Moresby and other towns after 17 March was probably based more on the perception of corruption in the country rather than fears about breaches of human rights in Bougainville, there is no doubt there was also wide concern about the use of outside forces to kill Papua New Guinea citizens in Bougainville and the possible use of weapons of mass destruction. Church leaders and NGO spokespersons made much of the potential human rights abuses involved in the Sandline proposals. Human rights issues concerning the impact of the Sandline operations were among questions raised in constitutional challenges to the government's decision to engage Sandline (see Appendix document 6).

It seems likely that wide public discussion of such issues has reduced the possible room to move of those who might wish to suggest a return to reliance on force as a means of resolving the conflict. This profound impact of the political crisis of late March has its formal expression in the adoption of the Barter peace strategy.

The BRA response

It was at least two weeks before the public revelations about the Sandline proposals in Mary-Louise O'Callaghan's *Weekend Australian* article of 22–23 February 1997 that the BRA/BIG had some knowledge of the possibility of the PNGDF receiving substantial external assistance for a major assault in Bougainville (M.L. O'Callaghan, personal communication). Taking the threat of such an assault seriously, the BRA began making preparations for its response. There was considerable movement of BRA personnel from Solomon Islands back into Bougainville during February and early March, and concentration of BRA personnel and equipment in particular areas as BRA commanders discussed strategies for handling the threat of the mercenaries.

Once the Sandline threat had been made public, various statements by BRA and BIG leaders emphasized their confidence in their ability to defeat the mercenaries. There is no doubt, however, that senior BRA commanders were concerned about the significant change in the balance of military advantage which Sandline could cause.

Sam Kauona was quoted in the Australian media as saying the BRA was 'defenceless' against the mercenaries (*The Age* 3 March 1997). The BRA had some idea of the kind of operation Sandline might mount, for they talked of 'infra-red radar' being brought in to wipe out rebel leadership (*Sydney Morning Herald* 3 March 1997) and the deaths that could be caused if 'Russian made helicopter gunships' were used (BIG Media Release No.324, 10 March 1997). BRA fighters spoke of concerns that such things as night vision equipment and border surveillance would 'tip the balance more in the government's favour' (*Sydney Morning Herald* 8 March 1997). BRA/BIG leaders talked of honing their tactics to fight the mercenaries (*ibid.*) and of organizing their forces to defend their people as much as possible, at the same time acknowledging that it was a 'dangerous fight' (*Canberra Times* 17 March 1997).

The BRA/BIG leadership was well aware, of course, of the determination of Chan, Ijape and other Papua New Guinea ministers that the Sandline operation should proceed, even after the operation had been exposed publicly. By the time of Singirok's address to the nation of 17 March, they had little reason to expect anything other than a major new assault by the PNGDF, with considerable support from equipment and personnel supplied by Sandline.

Improved relations between the PNGDF and the BRA

The fact that the PNGDF was the organization, through the agency of Jerry Singirok and other officers, which prevented the operation proposed by Sandline from being initiated in Bougainville appears to have effected long-held perceptions of the PNGDF among people in BRA-controlled areas of Bougainville. From soon after their being introduced into the Bougainville conflict in March 1989, the PNGDF had been demonized by the BRA. The PNGDF was claimed to be the main source of the abuse of the human rights of Bougainvilleans and its continued presence in Bougainville was seen as the main obstacle to progress towards peace and independence. Most BRA/BIG proposals in relation to negotiations with the national government made the prior withdrawal of all security forces a precondition to be met by the national government.

The relief of the BRA/BIG leadership about the end of the Sandline threat undoubtedly contributed to changed perceptions about the PNGDF.⁹ Its demonised image in BRA mythology could no longer be sustained. Changed perceptions in turn contributed to wider—although still (in October 1997) tentative—progress towards peace. The different view of the PNGDF has altered its perceived status as one of the main obstacles to peace. This change has encouraged the widespread desires for peace and normalcy in living conditions which are undoubtedly shared by most Bougainvilleans, including those living in areas under BRA control. It seems likely that this development has in turn increased the pressure on the BRA/BIG leadership to achieve tangible progress towards peace.

Since the first half of 1997, a relatively moderate BRA/BIG leadership group has emerged around Joseph Kabui, Sam Kauona and others. Tensions between them and Francis Ona (and other 'hardline' leaders) have emerged as they have pressed forward in the two sets of peace negotiations held in New Zealand and in allowing the release of the five Kangu Beach hostages shortly after the first set of talks. Their capacity to move to some extent independently of Ona has almost certainly been increased by the changed perceptions resulting from the ousting of Sandline.

The first round of talks in New Zealand in July 1997 involved BRA/BIG leaders on the one hand, and the BTG and other 'moderate' Bougainvillean leaders on the other. The second round in October brought in Papua New Guinea officials, inclusive of PNGDF

commander Leo Nuia and other senior officers, and a very large number of local BRA and resistance commanders. Direct talks between the BRA and the government, let alone talks involving senior PNGDF personnel, would have been almost inconceivable without the 'circuit-breaker' provided by the ousting of Sandline. The complex arrangements for travel of the large numbers of BRA/BIG representatives who attended both rounds of talks would not have been possible without the more frequent contacts and improved relations between PNGDF personnel in Bougainville and BRA personnel made possible from April 1997 by reaction to the Sandline affair.¹⁰ The improved relations have not been without some tensions and incidents, but in general the relations between the sides since March have been better than at any time since 1989. The Truce between the BRA and the national government agreed at Burnham in New Zealand on 10 October would not have been possible without that change.

Conclusions

The Bougainville dimensions to the Sandline affair are paradoxical, because while the decision to engage Sandline was in large part directed towards resolving the conflict by war, the consequences of the controversy over that decision have undoubtedly included some progress towards a peaceful resolution of the conflict. That progress remains tentative at the time of writing, however, and open to disruption from 'hardline' BRA elements as well as from a variety of other sources.

A further paradoxical element of the issues examined here is that it was a prime minister who was initially committed to peaceful resolution of the Bougainville conflict whose frustration with his lack of progress drove him to attempt to use violence on a scale never before considered by Papua New Guinea.

But the central paradox is that it required serious preparation for war on such a scale to eventually close off the military option. The limited scope for critical evaluation of politically generated policy proposals in the special policy-making environment of Papua New Guinea ensured that the Sandline proposals came perilously close to being implemented in full. If they had been, the consequences for ordinary people in Bougainville were likely to have been horrific. The

basic sources of the conflict would have been strengthened. The prospects for peaceful resolution of the conflict would have been reduced dramatically. The prospects of the conflict being prolonged significantly would have been very high indeed.

The actions of Singirok and his followers in the PNGDF were crucial in that they interrupted the plans and actions of a range of economic and political forces (including the still shadowy 'investors' interested in the Panguna mine) which were pushing Papua New Guinea's Bougainville policy in directions which were likely to have been disastrous. Instead, they helped re-open possible roads to peace.

Notes

- ¹ At this stage Spicer was representing a company called Plaza 107 Ltd.
- ² It was in correspondence from Spicer to Ijape in late November in preparation for this visit that the name Sandline International for the first time displaced Plaza 107 Ltd (PNG 1997:15).
- ³ The relevant section of the *Project Contravene* document is in the following terms:
The kudos in political terms for whichever government resolves the crisis ie. defeats the BRA, reopens the Panguna mine and begins the longer term process of reconciliation in Bougainville, is immense. It is the stated intention of this government to resolve the crisis before the next general election. Therefore the time frame is critical. Key timings are as follows:
 - a. Election: June 1997
 - b. Last Parliament: April 1997
 - c. Date by which problem to be resolved: 1 April 1997
 - d. Time frame for military operation: Jan to April 1997 (Sandline 1996:para.22).The statement summarising the intended 'mission' claimed it was 'to resolve the Bougainville crisis before April in order to allow the government to inform Parliament and the country that the crisis over (sic) before the General Election in June' (*ibid.*).
- ⁴ The name 'J. Kaburi' is presumably intended as a reference to senior BIG figure, Joseph Kabui, that of 'Sam Karona' is presumably intended as a reference to Sam Kauona, the General of the BRA, and that of 'Ismail Toronau' is presumably intended as a reference to Ismail Toarama, Chief of Staff of the BRA.
- ⁵ Other targets to be destroyed were the Radio Free Bougainville transmitter and 'enemy landing/resupply sites on (the) coast' (Sandline 1996).
- ⁶ In the three weeks after the Sandline contract was made public and

before Singirok's 17 March 1997 address to the Nation, Chan and other members of his government insisted that the role of the Sandline personnel was limited to training of PNGDF personnel, and that they would not have a 'front-line' role in Bougainville.

- ⁷ In his submission to the Commission of Inquiry, Chan says of his discussion with Spicer on 8 January that he indicated, *inter alia*, that he would 'want the rebels captured alive but in the event of attack it is necessary that the rebels be identified and if miscalculated, the damage on innocent people will be minimal'. He said that he was assured by Spicer 'of all technical capacity and equipment to focus, identify, pinpoint rebels and capture or damage, and in the event of possible miscalculation, casualties will be within acceptable range, i.e. experience acceptable to most countries engaged in this type of operation' (Chan 1997:8).
- ⁸ As opposition MP and governor of the National Capital District Skate had been a vocal opponent of the Sandline proposals prior to the 1997 national elections.
- ⁹ For example, at the end of March Lilian Crofts, a BRA/BIG representative in Australia, discussed Singirok:
We supported him and we are very thankful the mercenaries didn't go in. It would have been disastrous. Their objective would be to exterminate... We are heartened. We would like to think that General Singirok did it mostly from his heart to save lives, because as a general he knows the impact of the war, and has fought on Bougainville and been injured (*The Age* 29 March 1997).
- ¹⁰ For several years, senior BRA/BIG leaders have been deeply suspicious of the possibility of the PNGDF using known travel arrangements for negotiations to assassinate BRA/BIG leaders.

4

Paradoxes in Papua New Guinea

Bill Standish

On 22 March 1997 *The Age* newspaper gave the heading 'Clayton's coup' to an article I wrote on Papua New Guinea's Sandline upheavals—implying that like the drink without the *spak*, this was the coup without the guns. As I had reported, the dismissed Defence Force Commander Brigadier General Jerry Singirok vigorously denied he was engaged in a *de facto* coup. Here I wish to probe that issue.

There has been some feedback from people in Port Moresby that the Australian media were alarmist, and that participants in the events of late March 1997 were quietly confident that the situation would be resolved without widespread violence. 'PNG is different', they say. Some Papua New Guineans even deny their country faced a crisis. In Papua New Guinea, the term crisis has been used for major conflicts involving many fatalities, such as the 'Bougainville Crisis'. Some Bougainvilleans speak as if the 'crisis' there ceased in 1991 when national government forces returned to the main island. Despite having been in Australia throughout, I would argue that the March 1997 events in Port Moresby, like the Bougainville Crisis, were a major turning point in the country's political history, and hence are best called a crisis. But that does not tell us very much.

Several more important questions arise. Were the events from 17–26 March 1997 even a Clayton's coup? Did the military (or some

members of the military) attempt to seize power? Was there at any stage real danger that the situation could have gone right out of control—with conflict among the military, or between police and soldiers, or between crowds and the government, or with crowds against the parliament—so that there was danger of real violence between security forces and civilian crowds? And if this had occurred might some elements of the security forces have been tempted to seize power? The last question presupposes a sequence which did not arise, and on available evidence remains unanswerable.

At times, a few soldiers did appear to be out of control: at Government House (on the evening of Monday 17 March, when troops blocked the message from the National Executive Council sacking Brigadier General Jerry Singirok); at Defence headquarters at Murray Barracks (on Friday 21 March); and at Parliament House (on the night of Tuesday 25 March). On all these occasions troops were quickly brought under control.

There was cause for concern at rogue soldiers, given the lack of a unified command and the PNGDF's erratic history of indiscipline, but the troops surprised their strongest critics. At the Taurama Road intersection opposite Murray Barracks on Wednesday 19 March, opportunists seized the moment when police lost control of the demonstrating civilian crowd to loot several shops. Soldiers helped restore order. Although police fired tear gas and (rubber?) bullets into Murray Barracks on the Thursday, those soldiers who wished to retaliate were restrained. The next day the corporal who put a pistol to the head of an officer from Goldie River had his hand pulled down within a split second. (His finger was held outside the trigger guard, and later it was claimed the pistol was not loaded.) PNGDF troops were not fully united or disciplined throughout the crisis, but soldiers fired no shots over the ten days that shook Port Moresby. The military did not attempt to seize power; there was no coup.

Yet it must be asked, what if there had been widespread disturbances, rather than what were, for the most part, restrained popular demonstrations? Were the military (or those parts of it led by Brigadier General Singirok) not responsible for fomenting instability which could have led to disorder and the need for armed intervention to restore order? The answer has to be positive. The explanation of why the situation did not erupt, however, tells us how Singirok's gamble worked.

Some observers, and certainly supporters of the Chan/Haiveta government, have argued that the military challenged a government which had been elected by the National Parliament under the *Constitution*, and hence *Operation Rausim Kwik* to remove the mercenaries was anti-democratic. Interestingly, it was not argued that the government itself, or its actions in hiring Sandline International, were seen as legitimate. Yet the point had validity as a legal argument, albeit of contestable relevance.

Arguing on a different plane, others assert that the Defence Force acted to defend the constitution and human rights, and by expelling the Sandline mercenaries thus saved both the people of Bougainville and the entire country of Papua New Guinea from a disastrous military, political and human rights folly. (Key constitutional and human rights issues arising from the decision to engage Sandline and summarized in the PNG National Court action against the state taken by the NGO group ICRAF, in March 1997). Under international law, following principles established at the Nuremberg war crimes tribunals, soldiers are obliged to refuse orders which involve the committal of crimes against humanity.¹ There is a higher law than national power structures and constitutions. Setting aside religious values, it would appear from his initial statement of 17 March that such higher law is what motivated Brigadier General Singirok.

While journalists described the PNGDF commander's actions as 'rebellion', it may be that in legal terms what he organized was a mutiny. The PNGDF is controlled by the Defence Council, with the Defence minister among its members. To commit 'mutiny' under the *Defence Act* (chapter 74) includes 'to overthrow or resist lawful authority in the Defence Force', or 'to disobey such authority in such circumstances as to make the disobedience subversive to discipline', or 'to impede the performance of any duty or service in the Defence Force' (s.53). Singirok appeared to acknowledge his action was unlawful in admitting in his public statement of 17 March that his action would cost him his career.

Yet this was a very civilized and very specific mutiny on 17 March. First of all, the PNGDF Commander talked with the police commissioner, Bob Nenta, and apparently obtained his initial agreement to his planned course of action. (Later in the day, however, the commissioner was persuaded by his own subordinates that it was not the role of the police force to take sides in what was essentially a

political argument.) Brigadier General Singirok then took a letter to the Governor-General, Sir Wiwa Korowi, representative of the head of state, the queen, informing him he had sent a letter to the prime minister, Sir Julius Chan, asking that the government cancel the mercenary contract, and calling on him to resign, along with his Finance minister, Chris Haiveta, and his Defence minister, Mathias Ijape. Note that Brigadier General Singirok did not call for the Government as whole to resign, let alone to be overthrown. Singirok then went with an armed guard to the National Broadcasting Commission and discussed on national talkback radio the reasons why he made these specific demands. He read out a statement, which spoke of the harm the mercenary operation would do on Bougainville and alleged corruption in the mercenary deal. Two days later the Governor-General made a strong statement about corruption in government, which in the circumstances was an implied endorsement of the Singirok's position. This was not a case of treason—the relevant parts of the definition in the *Criminal Code* (chapter 262) being the crime committed by a person who 'kills the Queen and Head of State, or does her any bodily harm tending to her death, maiming, wounding imprisonment or restraint' or who conspires with another to do so, or 'instigates a foreigner to make an armed invasion' or 'assists by any means whatever a public enemy at war with the Queen and Head of State' (s.37).

It is also clear that Brigadier General Singirok gambled on there being a public response, so that the pressure on politicians would ultimately come from civilians, aided and abetted by soldiers. Military interventions in politics are usually done in the name of 'the nation'; on this occasion there was immediate public support for Singirok on talk-back radio. A demonstration of a few thousand people supporting Singirok was organized outside Murray Barracks on Wednesday 19 March by some of the more outspoken advocacy non-government organizations (NGOs) and students, and numbers grew over the next two days. In a sense, Singirok had licensed these initial rallies, which were protected by the troops inside the barracks.

On the evening of Thursday 20 March Sir Julius Chan announced the suspension of the Sandline contract and that there would be a judicial inquiry into the engagement of Sandline, but without the terms of reference this did not satisfy his opponents. By Friday night, given the prolonged standoff, there was concern at divisions in the military and that crowds could get out of control. Then, after a

weekend of discussion and church services, the public demonstrations at Parliament House became mass gatherings of all urban classes, with over 10,000 present on Tuesday and Wednesday 25 and 26 March.

As programmed, the National Parliament met on Tuesday 25 March. The politicians were swayed by rhetorical calls to defend democracy against the military and promises from Chan's supporters, including the promise that Prime Minister Chan would step aside, and so voted down a motion which called on Sir Julius to resign. Cocooned as they were in the chamber, it appears that they did not realize until after they had voted just how large and angry were the crowds outside Parliament House. A few MPs and ministers fled over the fence, but most sat tight.

That Tuesday night some armed soldiers started searching vehicles leaving parliament, an alarming development which was quickly halted by Major Walter Enuma, who had been designated by Brigadier General Singirok as the commander of *Operation Rausim Kwik* to expel the Sandline mercenaries. These troops had been called in by the police, who were unable to control the crowds. The soldiers prevented crowds from storming the rear entrance of the parliamentary compound. Around midnight, Enuma entered Parliament House at the invitation of the speaker, Sir Rabbie Namaliu. He was uniformed but unarmed. First, he managed to reassure the politicians trapped inside. Then, along with two former prime ministers (Sir Rabbie Namiliu and Sir Michael Somare), he helped calm the crowds outside and got them to organize their demands into a petition which was conveyed to the politicians inside. Unarmed soldiers then guarded the Parliament overnight, the police having vacated the scene.

The next afternoon, Wednesday 26 March, Sir Julius met at Parliament House with Major Enuma, who again had removed his pistol.² Assurances were apparently exchanged that the military would accept Chan's stepping aside with the other two ministers, that the judicial inquiry into the Sandline deal would go ahead, and that troops would be immune from prosecution regarding these events. Enuma used the word 'pardoned' in briefing journalists (*The Weekend Australian* 29–30 March 1997). Whether or not Chan had the power to make such a promise, this implies acknowledgement that there had been an offence.

In deciding whether there was a *de facto* coup in Papua New Guinea, the key question is whether there was military intimidation of the civilian politicians, with Major Enuma's negotiations a crucial

factor. His talks with Sir Julius were held in private, and without further information cannot be evaluated. More visible were the linkages between the military and the demonstrators, who had on occasions been blocked by the police, which led me to argue in *The Age* on 29 March 1997 that, paradoxically, the military had acted as part of the 'civil society'.

Recent political theory has revived the idea of the civil society, usually arguing that a developed civil society is essential for a functioning and viable democracy and for good and efficient governance. Civil society is usually described in relation to (or even in opposition to) the state, and the civil society for some becomes everything that is non-state. However Naomi Chazan (1994:255–7) argues that the civil society operates between ethnic groupings and the state. In Western societies the concept is often narrowed to formally organized secondary associations, and includes professional bodies (such as lawyers), trade unions and churches. If that is the case, everybody else—the unorganized crowd—are presumably seen as uncivil.

My own usage of civil society is more flexible, and includes the activities of NGOs—some of which in Papua New Guinea have sometimes been quite radical and even anarchic in their anti-government and anti-state posture. Among important elements of the civil society in Papua New Guinea in recent years have been the freewheeling press and talkback radio, which were crucial elements in public debate and education in February and March 1997. At times local television documentaries are quite critical of state policy, as in relation to Bougainville policy in late 1996.³ The media are not just urban phenomena, and radio especially reaches out into rural areas. Throughout the Sandline crisis, in at least some rural areas, village people listened to their radios all night, just as the crowd outside parliament monitored events inside by electronic media. The churches in the last decade have become important political voices, and during the Sandline protests church leaders were as active in organizing participation, in their more restrained style, as trade union leaders and advocacy NGOs.

In recent years comparative scholars have noted that the state/society distinction is not rigid, and that the state is *in* society, including members of the state services (Midgal 1994). In this sense, Papua New Guinea public servants are a major part of the civil society.⁴ Even police and soldiers have cross-cutting linkages with their civilian

relatives and school mates. The younger ones went to school with the students who are now at university. Such linkages appeared to be important in Port Moresby in late March 1997, as Angela Mandie-Filer reminds me (personal communication). In protecting the demonstrators, they were protecting their own wives and children, who—after family conferences—had joined their *wantoks* among the demonstrators.

In Port Moresby the military/NGO/student/civil society linkages were paradoxical. Usually one expects tensions between radical social critics and security forces. But in March 1997 there was civilian cooperation with soldiers, or at least with the dominant faction of the military, created in an unusual set of circumstances. Before dismissing this as just another variant of Melanesia being 'different', remember that the police initially fitted the pattern in that they tried to prevent students and others reaching the demonstrations at parliament, until the soldiers arrived and provided escort. The military by the second week of the crisis was clearly facilitating the demonstrations, while apparently not leading or manipulating them. Soldiers wore uniforms, but the usual civil/military, society/state distinctions were blurred.

The Papua New Guinea state is not strong, able to fully dominate the society, nor even able to use its own armed forces in a tightly controlled and coherent manner. That there were disagreements and tensions between sections of the military was apparent in late March; we no doubt will learn more about this later. Similarly, there were tensions between many of the police and the dominant groups at Murray Barracks in the first week of the crisis. Although in recent years there has been some cooperation between them, police-army tensions go back decades (Standish 1994:63–4). These particular 'bits of state', as Colin Filer has called them, do not necessarily work together. Indeed the idea of 'the state' in Papua New Guinea remains just that, an idea (Filer 1992). The Papua New Guinea state does not act as a coherent monolith, a rigid structure. In March 1997 its very pliability became a factor in maintaining the peace, in that senior police and soldiers over the weekend negotiated an agreement not to allow conflict to erupt between their men.

By 26 March the prime minister implicitly accepted that he was facing irresistible forces, political pressure from civilians and an indeterminate degree of implied coercion from the military. The use of Iriquois helicopters over the Parliament on Wednesday 26 March was probably the most intimidating moment of the crisis. Ultimately, Sir

Julius bent in the wind, and, utilizing the *Constitution*, chose to stand aside for an indefinite period. There was sufficient flexibility in the Papua New Guinea political structures for the constitutional order to remain intact. Members of the civil society apparently felt they had achieved a victory for their ideals. Paradoxically, the weakness of the state enabled it to show enough strength for the regime to survive.

The members of the PNGDF did not attempt to seize power, and hence did not conduct a coup in March 1997, but they did, in tandem with civilians, exert extreme political pressure on leading ministers in the government. Once *Operation Rausim Kwik* got under way, initially involving only a few units of the Defence Force, there was a possibility of conflict within the military. Had Sir Julius continued to resist this pressure, it is possible that other troops may have gone further than Singirok and Enuma, but it is equally possible that they would have been challenged from within the military. There was also the possibility of clashes between elements of the military and police, and between security forces and civilian crowds. Yet as the situation developed there were no major tensions between security forces, or clashes between the crowds and arms of the state. The nightmare scenario of widespread violence never eventuated, and there was no problem which might have given the pretext for elements of the security forces to seize power.

Papua New Guinea is fortunate that cooler heads prevailed, and that the optimists in the military and the civilian community proved justified. It is clear that negotiations over the weekend of 22–23 March between Brigadier General Singirok and Police Commissioner Nenta defused any likelihood of police-army conflict. Full details are not known, but it is also apparent that during that weekend the Governor-General met with Brigadier General Singirok and senior constitutional office holders. Various intermediaries kept communications open between Murray Barracks and the prime minister's office. Papua New Guinea may have approached the brink of disorder, but there were enough calm heads to prevent the political confrontation slipping into chaos.

The immediate crisis is over. Although many issues remain unresolved, the country's politics are changed forever. New political actors have emerged, and old actors have changed roles. While soldiers did not stage a coup, the Defence Force is now a political force

to be reckoned with, and so too are the bits of the nascent civil society. The March 1997 Sandline crisis has been a major event in the making of Papua New Guinea as a nation, a potent political symbol which will be invoked by various political forces over decades to come.

Notes

- ¹ This argument was later discussed by Michael O'Connor (*The Australian*, 1 August 1997).
- ² This moment is shown on the excellent TV documentary on the Australian Channel 9 network's 'Sunday' programme on Easter Sunday, 30 March 1997.
- ³ Two examples: Media Niuguini (EMTV) Boroko 'Bougainville: The Ultimatum', 29 September 1996, and 'A Current Affair: Theodore Miriung—Peacemaker', 18 October 1996.
- ⁴ I am grateful to John Ballard for this observation (personal communication July 1994).

5

The Papua New Guinea policy-making environment as a window on the Sandline controversy

Anthony J. Regan

There is a tendency for Australian observers to expect state institutions in Pacific island countries to work in much the same way as similar institutions are meant to work in Australia. If they fail to do so, especially in times of crisis, the expectation tends to be that such institutions are about to collapse, following the model of the most unstable African countries. When that in turn fails to occur observers can be left scratching their heads, unable to find explanations for the outcomes. The still unfolding series of events connected with the hire of the Sandline mercenaries by the Papua New Guinea government illustrates these tendencies.

Many observers have found it difficult to understand how policymakers made the decisions concerning the hire of the mercenaries. Among the many factors which contribute to their difficulties are the following

- the ability of a small group of cabinet members to enter arrangements with mercenaries, initially in great secrecy and with little opposition either in government, the parliamentary opposition or the public, even in the first few weeks after 22 February when publicity of the decision occurred (before Brigadier General Singirok's 17 March 1997 public attack on the arrangements)

- the engaging of mercenaries in an attempt to resolve the Bougainville conflict when there was ample evidence that this step was
 - (i) not only unlikely to assist but likely to make that goal less attainable than would otherwise have been the case
 - (ii) likely to be not only deeply divisive both in national politics and within the PNG Defence Force but also destabilizing of external relations
 - (iii) likely to involve financial costs so high as to have a major destabilizing effect on government finances and planning
- the significant influence on decision making apparently exercised by foreign corporate and financial interests associated with Sandline
- difficulties in understanding how a democratic country with an impressive constitutional commitment to the rule of law could contemplate the human rights and other constitutional breaches likely to be involved in the apparent aim of using mercenaries to attack Bougainville villages to kill rebel leaders and—in all probability—numerous civilians.

This paper suggests that light may be shed on the Sandline decisions by examining characteristics not only of the state and key state institutions but also of the interrelated social, economic and political forces which impinge on the institutional framework within which policy decisions are made in Papua New Guinea. These forces minimize pressures on the state and on government from society, civil society and political parties, which in many other countries tend to encourage both the development of government policy responsive to popular concerns and the accountability of both government and the state as a whole.

Societies in Papua New Guinea

It is well known that before colonial intervention, what is now the territory of Papua New Guinea was occupied by thousands of small and stateless societies. Despite the phenomenal social and economic change experienced in the eleven decades since colonial rule began, there has also been a remarkable degree of continuity in those societies. Their resilience and adaptability is attested by such things as the persistence of customary (yet evolving) relationships and practices

(including landholding systems) and the simple fact that most Papua New Guineans still tend to regard their traditional group as their primary point of reference.

The vitality of what might best be described as semi-traditional societies has important consequences for the way in which the economy, the state and the political system operate. As for the economy, traditional systems of land holding tend to limit the extent to which land is treated as a commodity. That fact together with the strong sense of identity with their own society have limited the extent to which consciousness of economic differentiation has developed within and among societies. As for the state, the semi-traditional societies tend to see it as a body from which resources can be extracted for both individual and group benefit. Despite the fact that individual societies may resent particular state actions (for example, the depredations of police riot squads) there is little evidence of perceptions shared across societies of the need to limit state action for the common good. The impact of semi-traditional societies on the political system is discussed later in this paper.

The economy

In general there are limited linkages between the semi-traditional societies of Papua New Guinea and the growing modern economy. For most Papua New Guineans there are limited opportunities for economic advancement except through access to the resources of, or controlled by, the state. Such access may be achieved through the extraction of grants or projects via politicians. But the greatest opportunities are connected with the significant economic activity of the state (especially capital works contracts and the conduct of state enterprises) and the state's control of access to natural resources.

As discussed below, the political system determines much of the way in which state or state-controlled resources are extracted. The high costs of being elected to the parliament, the expectations of significant 'returns' by financial backers, the localized support base of most politicians, and the rapid turnover of politicians in elections (with fifty to sixty per cent of sitting MPs replaced in all elections since independence) means there is considerable pressure on most politicians to extract what they can from or through the state when in

power. In the process, politicians can easily become agents for narrow economic interests, including those of foreign-owned companies.

The state

The state is a recent development in Papua New Guinea, imposed on the tiny stateless societies. For most of the relatively short colonial period from 1884, the colonial state was weak, with limited interaction with many of those societies. It was only in the last fifteen to twenty years before independence in 1975 that the colonial state expanded the range of its activities to the point where there was a wide range of links with a significant proportion of such societies. But even at that stage the ability of the state to impose its will was limited as the resurgence of widespread 'tribal fighting' in the Highlands from the early 1970s demonstrates.

The societies which the colonial state sought to control quickly developed their own means of extracting advantage from the state. They sought material goods, positions of power (as administrative officials, police, catechists and so on) and access to fora such as *kiaps'* courts and local government councils which, as alternatives to 'traditional' fora, enabled adaptable people new opportunities in relation to a wide range of social, political and economic relations (see Dinnen 1997:7–8 and the sources cited therein).

While in the first few years after independence the new state sought to expand its activities, it was soon evident it had even less capacity to control local life than the colonial state. Funding was limited. The public service had a shallow skills base at independence and has been weakened considerably since then.

The colonial state had been staffed mainly by Australians until late in the colonial era. This meant that although rapid 'localisation' occurred from the early 1970s, there was a very limited supply of skilled and experienced Papua New Guinean personnel available in the post-independence public service. Weak education and training systems have restricted the quality of recruits coming into the service. Provincialization of the public service following the establishment of provincial governments (Ghai and Regan 1992:224–5) and constitutional amendments in 1986 which reduced the powers of the independent Public Service Commission over personnel matters have

contributed to a politicization of the public service at all levels. These factors have reduced the capacity of the public service to provide independent advice to policy makers. Ironically, reduced capacity in the public service has become part of the basis for politicians' demands to be more involved in policy development and implementation.

There is also increasing evidence of public servants following the example of the political leadership in treating the state as a source of wealth for both personal accumulation and distribution to this semi-traditional societies. This tendency undermines effectiveness in many ways.

Meanwhile, there has been development and change in the efforts of local societies to extract benefits from their relationships with the state. In particular, the extraction of economic benefit from the state has expanded in tandem with the development of the political system as discussed below.

The *Constitution* and the political system

The general constitutional arrangements: Papua New Guinea's constitutional system establishes institutions intended to provide formal links between state and society directed towards ensuring both responsive policy making and accountability on the part of both the government and the state (CPC 1974:chapter 1).

The Parliament and the elected provincial assemblies were intended to be the crucial links which would ensure that the executive government would be responsive to the people. Independent constitutional officeholders such as the judiciary and the Ombudsman Commission were intended to encourage accountability on the part of decision makers. In addition to being vested with the role of interpreting the *Constitution*, the judiciary was given a role in enforcing idealistic National Goals set out in the *Constitution* (s.25). While the Ombudsman Commission was denied power to consider the 'justifiability of a policy of the National Government or a Minister or a provincial government or a member of a provincial executive' it could do so insofar as the policy 'may be contrary to law or to the National Goals...Basic Rights...or of any act of the Parliament' (s.219(3)).

The manner in which the political system based on the *Constitution* has developed has undermined the anticipated linkage role for the

legislative bodies. Despite some significant efforts to control some of the excesses of politicians, lack of resources and a reluctance to stand in the way of general trends has undermined the effectiveness of the judiciary and the Ombudsman Commission in ensuring accountability.

The political system: The political system which produces Papua New Guinea's political leadership is built around constitutional arrangements for a parliamentary executive (a variant of the Westminster system) with members of the parliament elected on a 'first-past-the-post' (simple plurality) system in general elections held every five years.

Operation of most parliamentary executive systems tends to be based heavily on strong political parties. To win government and run a parliamentary programme, 'organised and reliable support is needed'; similarly, if the opposition is to 'maintain a sustained attack on the government and offer itself as an alternative, it needs the organization and consolidation of its support base' (Ghai 1997:315). Parties also commonly play another significant role in such a system. They act as major links between state and society as the struggle for electoral support not only fosters the development of policies responsive to popular needs but also ensures that the opposition encourages accountability on the part of the government of the day.

The almost complete absence of effective political parties in Papua New Guinea means that the operation of the Westminster system there is in many ways quite different from that of similar systems in other countries. The key reason why political parties are so weak concerns the lack of a social basis for their sustained development. In most Western and many post-colonial countries political parties tend to be based upon major social, ethnic, religious or regional differences. In Papua New Guinea, with the possible exception of Bougainville, there are as yet no such differences which cut across the loyalties based on semi-traditional societies sufficient to provide a natural basis for mobilizing popular support for parties. In addition, Papua New Guinea did not experience a nationalist struggle for independence, a major factor in the initial popular support for political parties in many other post-colonial countries.

In these circumstances, the plurality electoral system has not encouraged political parties as it is normally expected to do. While political parties do exist in name, their main role in elections is limited to provision of some funding to potential candidates (often to several candidates in the same electorate). Since the early 1980s there has been

little evidence of voter support being mobilized by candidates identifying with particular parties and their policies. Rather, most aspiring politicians foster a support base within their own semi-traditional society, holding themselves out as able to extract as much as possible from the state for their small ethnic base—a base that usually represents a small fraction of the electorate in question. The limited role of parties is reflected in the ever-growing proportions of candidates standing and being elected as independents.

In the absence of political parties acting as the links between the state and society, a crucial dynamic of Papua New Guinea's political system is the concern of individual politicians to act as the links between their small semi-traditional societies and the state. That dynamic is increasingly becoming destructive, leading to pre- and post-election violence and contributing to ongoing tensions within and between societies in numerous electorates, especially—but not only—in the Highlands region.

For a brief period after a general election, parties do come into their own in the lobbying for the numbers needed to elect the prime minister (normally at least 55 of the 109 members). Political parties then provide the organization and funds needed to pull together what can be described as loose parliamentary support groups rather than parties or coalitions of parties. In the several weeks between the declaration of the first results in a general election and the parliamentary vote for the new prime minister, such groups form and fall apart and move into and out of often quite unpredictable and unlikely alliances as the support of elected members is bought and sold.

The prime item of 'currency' in this process is the twenty-eight ministries which bring with them the greatest opportunities for extracting benefit from the state. Lesser 'currency' items include chairing of parliamentary committees and statutory commissions, overseas trips, promises of projects, gifts of cash and even imperial honours (Barter 1997). Naturally, the strongest and wealthiest politicians tend to dominate this process, and in doing so tend to become figures of considerable personal power. Prime Ministers Paias Wingti and Sir Julius Chan have been by far the most effective figures in the development and use of these processes.

Once the prime minister is elected, the political parties supporting him or her have little interest in policy development, the main concern of party leaders and functionaries being the benefits of office. While

the pursuit of stability in government saw the *Constitution* being amended in 1991 to extend the protection of a newly elected prime minister from a vote of no confidence from six to eighteen months, the weakness of the bonds between parliamentary groups is such that such a vote will almost certainly succeed at some point in a normal five year term (as has been the case in each five year term since 1977). This instability means a prime minister has little choice but to try to maintain support through much the same processes as brought him or her to office. Similarly, it is difficult to be too critical of any of the groups that helped a prime minister attain power. Rather, they must be kept happy, and if that means turning a blind eye to abuse of office, that is the price of maintaining office.

At the same time the advantages of ministerial office are so great that even the backbench government supporters are always a potential source of support for an opposition no confidence motion. Hence it is essential to keep as many government back-bench members as possible reasonably content. The result is such things as 'slush funds' and the provincial government reforms of 1995 both of which ensure national MPs have considerable discretionary or semi-discretionary resources at their disposal. In the interests of stability of the system, it is normal practice to ensure opposition MPs also have access to such resources.

The weak party system, the very localized ethnic basis for mobilization of voter support, and the manner in which support for election of the prime minister is gathered, all mean that there is virtually no place for ideological and policy debate either during elections, or in the formation of governing coalitions or the conduct of the day to day business of government.

Paradoxical outcomes of these developments in the political system are a concentration of policy-making power in the prime minister and a concomitant reduction in implementation capacity. At the same time, individual ministers enjoy a high degree of autonomy. These points require brief elaboration.

The prime minister has no party or coherent coalition policy platform to guide him or her, and tends to be able to push his or her own policy proposals through cabinet—provided they are not perceived as directly damaging to the interests of cabinet members. With many ministers concerned mainly with extracting what they can from the state, they have little interest in scrutinizing policy proposals. As a result cabinet tends to become a rubber stamp for a strong prime

minister such as Wingti or Chan. Implementation capacity has been reduced not only because the capacity in the public service has been reduced but because coherent policies and effective operation and coordination of state agencies is likely to get in the way of access to state, and state controlled, resources. As a result, there is little incentive for the cabinet to move in such directions. Indeed, the opposite is true; if a particular prime minister wished to assert more control over ministers and state agencies, it would be in their interests to block him or her.

In general the power of the prime minister to enforce any discipline upon cabinet members is limited by the instability in the parliamentary groups contending for power, which ensures no prime minister enjoys an extended tenure in office. The concept of cabinet solidarity, although enshrined in the *Constitution*, can seldom be enforced by a prime minister. As a result, ministers, enjoy great autonomy. Neither political party networks nor other social forces are available to bring sustained pressure to bear on ministers, as occurs through civil society in the countries of the West, and through ethnic and other networks in some African countries. There is little pressure on ministers from the Public Service. Indeed there is a growing tendency for ministers to claim public service inefficiency as the basis for their more direct personal involvement in planning and implementing allocative programmes.

The Constitution as a restraint on state action: While the absence of major social, ethnic, religious or cohesive regional groupings has acted as a brake on the emergence of strong parties, it has also spared Papua New Guinea the chaos and instability which has bedevilled the post-independence history of so many other post-colonial countries where elite elements acting in the interest of such constituencies have often competed fiercely for control of the state. Largely because of the absence of such major divisions, there is as yet no basis for the emergence of any politician or group of politicians with a strong enough support base to take real control of the state. Instead, the state is controlled by constantly changing groups of elite politicians produced by the vagaries of the electoral process.

Unable to take full control of the system, all political leaders tend to accept the general constitutional framework and conventions concerning government structures and succession of government. The *Constitution* is accepted as the arena for management of competition among the ever-changing political leadership mainly because not only are all confident of extracting some benefits, but also (as observers have

long noted) and the pattern of changes in government between elections means many who do not hold a coveted ministerial office feel they have a chance of achieving that goal in the not-too-distant future.

While some aspects of the *Constitution* are accepted by the political leadership as useful other aspects are not. In particular, constitutional rules about accountability and human rights have limited acceptance. They tend to stand in the way of the concentration of political power and the accumulation of wealth by those controlling the state. The limited capacity and coordination of state agencies encourages, or at least puts few obstacles in the way of, breach of such rules.

Civil society

Not only transcending local societies 'civil society' is also both independent of and in a relationship of creative tension with the state. Civil society in many 'developed' countries contributes to a wide array of linkages between the state and society, helping to make the state responsive and accountable.

As in many post-colonial countries, there is no more than an embryonic civil society in Papua New Guinea, comprising churches, NGOs and some other associations such as trades unions and professional groupings. Limited in extent, the nascent civil society remains weak and unfocussed, with little capacity to limit state action.

The emergence of more numerous local landowner associations, environmental and other NGOs, and more politically active church groups, and the slowly increasing frequency of urban demonstrations against government policy (as with those of mid-1995 against customary land registration and those against Sandline of March 1997) may be early signs of development of a civil society with increased capacity to limit state action. However, the composition and dynamics of civil society in Papua New Guinea have been little studied, and the extent to which civil society in post-colonial countries is able to play roles similar to civil society in 'developed' countries remains problematic (Hutchful 1995).

Towards understanding the policy decisions on Sandline

Without either a clear policy framework or effective coordination of state agencies, the pressures of rapid social and economic change in Papua New Guinea tend to produce constant crises which the state

has little capacity to analyse or manage. Indeed, responses tend to be poorly judged, and so often exacerbate the original problem. The early development of the Bougainville conflict provides a good example.

Poorly judged and undisciplined responses by police riot squads to localized action by disaffected landowners in late 1988 and early 1989 helped transform a localized landowner conflict into a province-wide rebellion. Harsh responses by the initially better-disciplined Papua New Guinea Defence Force (PNGDF) to actions by landowners and the Bougainville Revolutionary Army only added to the problem (UNCHR 1995:22). Policy responses to the Bougainville situation since 1990 have often been just as poorly judged, the decision to engage Sandline being merely one example among many.

The limited pressures for responsiveness and accountability, which in turn result in the high degree of personal power and autonomy enjoyed by the prime minister and ministers, help to explain how Prime Minister Chan and the ministers for Finance and Defence were not only able to take most steps towards engaging Sandline in such secrecy but also escaped general critical attention in Papua New Guinea even during the first few weeks after the decision became public knowledge. The concentration of the power and autonomy of the executive also helps explain how potential fiscal problems caused by engaging Sandline and the potential breaches of human rights could be largely ignored by the decision makers. The secrecy surrounding the discussions with Sandline meant very few people in Papua New Guinea other than the three key ministers (Chan, Haiveta and Ijape) knew anything about the proposals until the matter went to a cabinet committee on 15 January. Senior public servants were not requested to evaluate the *Project Contravene* proposal presented by Spicer on 31 January 1996. Even by the time the mercenaries were arriving in Port Moresby in the first half of February, few senior public servants knew about the Sandline arrangements. Those who knew did not feel free to criticize what had already been decided with little or no reference to them.

The apparent influence of the corporate and financial interests associated with Sandline may be better understood in light of the fact that the nature of the economy and the pressures on politicians to extract resources from the state means that there are well established patterns of politicians acting as agents for foreign interests. Evidence pointing to other instances can be found in various reports of the Ombudsman Commission (Ombudsman Commission 1992, 1996) and

the report of the Barnett Commission of Inquiry into the Forestry Industry (Barnett 1990).

Conclusions

The analysis in this paper suggests that the manner in which state institutions operate is heavily influenced by a complex set of interrelated forces which helps to determine the way in which both the Papua New Guinea state and its political leadership operate. A central dynamic is to be found in the nature of the linkages between state and society. Locally strong but small societies are encouraged by the structure of the economy to compete for access to resources from the relatively weak state. The strength of the semi-traditional societies weakens the recognition of common interests which cut across traditional groupings, resulting in weak political parties, trade unions and similar organizations, and hence a weak civil society. As a result, pressures for responsive policy and accountability are reduced and politicians (and to some degree public servants) are left with a high degree of autonomy.

The limited pressure for responsiveness and accountability on the part of the state and the government, together with the general acceptance by all political leaders of the existing constitutional framework, also helps to explain why Papua New Guinea's constitutional and political system has so far appeared to be remarkably resilient, despite frequent crises of a nature which would cause major destabilization of regimes in other post-colonial countries.

There are, however, signs of growing popular frustration with the way in which so many politicians are using the state and its resources to benefit themselves and narrow interests close to them. The active involvement of elements of the PNGDF in various forms of public opposition to the decision to engage Sandline and the widespread public demonstrations against the decision in several urban centres are symptomatic of that frustration. It is possible those developments provide a hopeful signal of the emergence of a more vibrant civil society capable of limiting state action. But it is also possible they constitute the first significant evidence of a more general refusal to accept constitutional limits and the beginnings of fundamental instability in the Papua New Guinea political and constitutional framework.

6

Crisis or not a crisis: the situation in Papua New Guinea on 26 March 1997

Angela Mandie-Filer

Papua New Guineans marching to their National Parliament, an action led or at least initiated by the Defence Force, was interpreted in different ways, internationally and domestically. Some saw it as the beginning of the end of civil governance and democracy as the world understands it to be in Papua New Guinea. Others tried to see the situation in a more optimistic context.

Reports of the event in the Australian media, which I saw when I returned from home [Papua New Guinea], did not quite send me packing to go back there; but if I had not just been home I certainly would have been heading back, or crying for my country. Internally, the media played a different role; for example, coverage on the NBC radio network was brief and factual, without interpretations of the situation. EMTV, the only television station in Papua New Guinea, played a major role in broadcasting live the meeting in the Parliament on 25 March, which enabled people to see for the first time how their elected representatives were handling the situation. The sense of being watched by voters may have influenced the way MPs dealt with the issue the next day. The newspapers, having reported on corruption and mismanagement for some time before these events took place, gained respect and attention because it appeared as though their past coverage was being confirmed. The media in Papua New Guinea

appeared to treat the issue as one of national importance which was affecting them as well; the Australian media, on the other hand, treated the situation as a 'media issue' and reported the event, as an observer from a distance, to boost their respective medium.

While others may be more expert at conceptualizing and contextualizing the event and relating it in governance and political terms, my account of what happened is presented as a Papua New Guinean who was there to see, hear and feel what was happening. My experience of the events was sharpened by having been affected directly by the crisis on Bougainville through family connections to Bougainville. A member of my family who was working on Bougainville as a public servant lost everything when she could not return after leave to collect her belongings. Another member of my family is married to a Bougainvillean, who had to be moved in and out of the province with her eight children, having regard to her own safety and her children's education. My relatives had to put resources together to assist my sister and her family, often at very short notice. The situation is not as yet normal and my family is still being affected by what has happened and what continues to happen. The crisis on Bougainville also gave rise to crises within my family, both emotionally and otherwise. The reconstruction and rehabilitation of Bougainville is not reaching all those affected by the crisis, particularly those from other provinces who have had to cope with what was going on. The events of March 1997, for me, were thus another result of the Bougainville conflict.

Having been through so much as a result of what was happening in Bougainville, and having direct knowledge of areas, such as my own, which have not been touched very much at all by development policies, the events in March 1997 also created an opportunity to recall the past, assess the present, and look to the future, with a view to much more equitable distribution of the benefits of our development.

In the village where I was until the morning of 25 March, there was no information at all about events in Port Moresby. In Ambunti, the district station, when news reached the public servants, the senior officers, such as the district managers, were more concerned than the other workers. In Wewak, the provincial capital, I heard that the army had taken over the country. People commented: '*Mipela amamas olsem bai ol i rausim ol stilman*' (We are pleased that they are getting rid of those thieves). It was not until I arrived in Port Moresby that I became fully aware of what was happening. In Port Moresby people were a lot

more conscious of the issues and were more involved in the event that was taking place. Apart from those marching to the Parliament, and those looking for an opportunity to loot and steal, most of the people stayed in their houses and were part of what was going on through radio and later through the television. There was a lot of fear among foreign nationals and uncertainty amongst Papua New Guineans who had knowledge of other such situations in other parts of the world. Most Papua New Guineans were calm but angry about what the government had allegedly done regarding the Sandline deal.

At the time events were taking place in Port Moresby, people in the village, at the district station and in Wewak were all involved in activities leading up to the national election in June. Being able to get money from potential candidates was an important incentive for people wanting to be involved in election fever. One person, very excited about the election campaign, said *'Taim i nogat eleksen, gavman i nogat moni, moni i drai tru; taim bilong eleksen, osem ol dua bilong bank i op nating na moni i kapsait ikam'* (When there is no election, the government has no money, money is dried up; when there is an election, it is like the banks' doors have just been left wide open and money is pouring out).

Even at the village level, there was a feeling that there was a lot of money in politics and one must get involved and be in the right place to get some of it. When a brother was very keen on becoming a campaign manager, I asked him why he was so keen this time. His reply was, *'Susa, olgeta man wok long putim uben bilong ol long kisim liklik ol pis i kam long al han wara long taim bilong eleksen, na mi tu'* (Sister, every one is putting their fishing nets out during campaign time to catch what fish are coming down the various tributaries and so must I). In other words, people were conscious of the fact that money was available when politicians were seeking re-election, but not at other times.

Another factor worth noting is the role of NGOs and the respect they have in Papua New Guinea, even in the villages. In my village, for example, people sing about the good work the NGOs are doing and say that the community must recognize their work and assist them. One of the songs sung in my village is called *'Luksave long ol NGO na laikim ol'* (Recognize the NGOs and like them). The work of the NGOs is more visible in areas where there are no government development activities at village and local community levels. NGOs also have very good communications amongst themselves and the

local people they work with (most of whom live in remote rural areas). The fact that the NGOs were involved in the events of March 1997 may have been taken by the people to mean that this was an acceptable activity, because of their trust of the NGOs. The majority of the people may have known about the event before it took place.

Anger about what has happened replaced the fear people held of going out to public demonstrations and marches. This march was not the same as others we had experienced before, where it was, for example, the students against the government, or the TUC and PEA members against the government. This was a march which involved everyone, including NGOs, women and mothers' groups, students, and many who had never marched or demonstrated before. Police instructed people to remain in their houses and road blocks prevented more people from joining the march.

Those on the streets also included some who were looking for opportunities to loot and steal, as mentioned earlier. We must note from the outset, though, that stealing and other law and order problems were not created by the event. The demonstration was in fact very peaceful compared to others in the past which did not have direct involvement of the Defence Force. On the whole, there was calm in the community and among the group that marched to the Parliament. Support for the event and what it stood for was more than what could have been deduced by just looking at the number of people at the march. There was an air of high expectation about what would be achieved through the event.

While the event was influenced by modern Western ideas of the rights and wrongs of using foreign forces against one's own people, these thoughts also struck a chord with local emotions. It is a defeat to get someone else to come and fight your fight for you.

The messages about human rights and international conventions on protection of rights of all citizens is also easily understood because in traditional cultures there were no unimportant people; all people were equal, but had different roles to play. It was therefore the roles of the leaders which separated them from other members of the community.

The principles under which NGOs operate, such as working with those marginalized by government development policies and activities, safeguarding the environment, protecting the children and working with the youth, all strike a chord with traditional concepts of looking after everyone and safeguarding resources for future

generations. In traditional societies there was concern about leaving something for the next generation, so resources were used in such a way as to always have something for the future.

During the public demonstrations the prime minister, deputy prime minister and Defence minister were referred to by their names rather than by their political leadership titles. This signified people's loss of respect for those men as leaders with honourable leadership titles, as in traditional village communities. The judgement of the people on what was happening related not to the status of the three people concerned as ministers, but to what people perceived good leaders should be. Leaders should not steal from their people for their own gain. If a leader were seen to have collaborated with outsiders to cause harm to any section of his people, that leader would not only lose respect as leader but would be punished according to the seriousness of what he had done, and the level of harm brought to the people concerned. Traditional expectations of leaders, and leaders' obligations towards their people, appear to have influenced the judgment and reactions of the people about what was being done.

While the event was unusual and scary, people were supportive of what was going on and displayed a readiness to ensure that the leaders involved step down. There was an air of high expectation of what should be achieved through the event. This was an opportunity to do more than get the leaders to step down. It was about getting politicians to be honest and to share the country's resources with a lot more people than has been the case. It was about selective availability of money, which appeared to be linked to politicians and what was beneficial to them, especially at the time of elections.

Reflecting on what has happened and what we must do from here is a very serious concern. We must use the opportunity provided through the events of March 1997 to improve the distribution of resources of our country for the benefit of all our people. Future events of this kind may not provide the same opportunity; indeed they may not end up in the way this one did.

7

The military factor in the events of March 1997

Ron May

In his address to the nation on 17 March, in which he called on the prime minister, deputy prime minister, and Defence minister to resign, Brigadier General Singirok claimed to be acting 'as senior citizen and a responsible Departmental Head'. But it is clear from his statement that Singirok's primary concern was, as commander of the PNGDF, with the terms of the contract between the government and Sandline International. 'As a professional military officer', he said,

I have kept quiet and followed orders from this government as I would for any serving government of the day without questioning their orders and directives. And this included the Sandline International project which has brought into question the issues of sovereignty and the credibility of the PNG Defence Force and our own professionalism which the government has greatly undermined...

[But] I have cancelled all further activities involving the PNG Defence Force with the Sandline International...

It is my professional and ethical view that it is wrong to hire Sandline International to carry out the operations on Bougainville...

The amount of money spent on hiring Sandline should be used to buy much needed logistical support and capability to sustain current efforts on Bougainville and the other roles of the Defence Force within the country.

These concerns were in part specific to the Sandline contract; but they reflected a much deeper, longstanding, and growing malaise in relations between the government and the armed forces (May 1993).

In the lead-up to independence in 1975 there was a good deal of discussion about whether Papua New Guinea should have an army. At least some people saw a cohesive, well-resourced and disciplined armed force as a potential threat to the government of an independent state. Concerns were also expressed about the prospect of using the military in law and order operations 'in aid to the civil power', and about the relative size and funding of the police and army. Ultimately, however, the decision was taken to have a defence force, and after some resistance to earlier demands, in 1984 the PNGDF was called out to assist police following the declaration of a state of emergency in Port Moresby, in response to rising crime and violence in the capital.

The Defence Force was involved in several more law and order operations before being deployed, in a similar capacity, on Bougainville in 1989. Meanwhile, however, the PNGDF's reputation as a well-resourced and well-disciplined force was coming increasingly into question. Well before the Bougainville campaign it was frequently being observed that the level of training and standards of discipline in the PNGDF were declining, that equipment and accommodation for personnel and their families were deteriorating, and that morale was slipping. As early as 1984–85 a *Defence Report* commented that the standard of discipline in the PNGDF was 'below that required' and some 190 soldiers were discharged. The same year a number of Transport Squadron ground crew staged a strike over pay and conditions. In 1988 the Defence Force defied a government decision to relocate the Air Element from Lae to Nadzab, and the following year between 100 and 200 soldiers marched on the Parliament to voice their disappointment at lower than expected pay increases. The latter incident resulted in a Defence General Board of Inquiry, which reported a serious decline in discipline, some misuse of funds and equipment, and low morale.

By the mid 1980s, too, the position of PNGDF commander had become politicized and there was growing evidence of factionalism at senior officer levels.

The inability of the security forces to contain the conflict on Bougainville provided further evidence of the PNGDF's limited capacity, though it also reflected the inherent difficulties of this sort of

guerilla warfare. Analyses of the Bougainville campaign have pointed to inadequate logistic capacity, poor intelligence, questionable strategy, and poor discipline (see, for example Liria 1993). Although, according to the late Graeme Kemelfield, the PNGDF was initially welcomed by most Bougainvilleans, after the first few PNGDF casualties the soldiers became increasingly alienated from the people and human rights abuses multiplied.¹

With the Bougainville conflict dragging on, and morale among the troops low, members of the security forces, and their families, accused the political leadership of indecision and lack of commitment to a resolution of the conflict, which some in the Defence Force felt could have been achieved, given the necessary resources and political will, by military means. Security forces personnel resentment resulted in several confrontations with government ministers and officials.

In each year from 1988 actual Defence expenditure exceeded the budget allocation by a significant margin; in 1991 expenditure, at K92.0 million, exceeded the appropriation by a massive K41.2 million. Notwithstanding this, the PNGDF was unable to meet the cost of its operations on Bougainville. The refusal of local suppliers to keep extending credit for such purposes as air charters, fuel, and general supplies, and the inability of the Defence Force to provide adequately for the maintenance of its naval and air craft, meant that its operations on Bougainville were frequently hampered. Shortage of funds also resulted in the non-payment of allowances, and occasionally in delayed salary payments, to soldiers; this became a source of increasing resentment. A *Defence Ten-Year Development Plan* approved by cabinet in 1991 provided for an increase in force size and re-equipment of the Defence Force, but little was done to implement the plan, and in 1993, in presenting a budgetary review of the law and order sector, the minister for Finance announced that the PNGDF was to be 'scaled down' and directed more towards civic action. A subsequent *Defence White Paper* was tabled in the National Parliament in July 1996; its proposals—more modest than those of the *Ten-Year Development Plan*—remained to be implemented at the time of the 'Sandline affair'. Requests for additional assistance through the Australian Defence Cooperation Program, in particular for upgraded equipment, received little sympathy; this became a point of contention in Australian-Papua New Guinea relations, and added to the growing sense of grievance within the PNGDF.

At the time of the October 1994 Peace Talks in Arawa, hopes for at least substantial progress towards a settlement were high. The failure of the Bougainville Revolutionary Army (BRA) leadership to attend the talks clearly annoyed Prime Minister Chan, and although discussions continued after Arawa, leading to the formation of the Bougainville Transitional Government (BTG). Chan seems never to have been enthusiastic about the BTG, while the military remained at best suspicious of it and at worst openly hostile. Notwithstanding this, progress was being made in talks between the BTG and the rebels until January 1996 when following a second round of talks in Cairns facilitated by the Australian government in December 1995, members of the BRA/BIG delegation were fired upon while returning to Bougainville via Honiara. In the aftermath of this incident, Prime Minister Chan said there would be no further discussions outside Papua New Guinea, and the armed conflict resumed. Obviously frustrated, annoyed, and anxious for a 'solution' to the Bougainville problem, Prime Minister Chan ordered *Operation High Speed II* against the rebels in June 1996.

Operation High Speed II ended disastrously for the security forces, further lowering morale and, it seems, straining relations between Chan and Singirok.

Whatever less worthy motives there may have been behind the Sandline contract, the failure of *Operation High Speed II* promoted the attempt to boost central government's military capacity. The then National Capital District governor, Bill Skate, subsequently described the contract as 'a slap in the face for the PNGDF'; without doubt it was concrete evidence of the government's lack of faith in the security forces' ability to deal with the situation on Bougainville.

Singirok's role, as PNGDF commander and a member of the National Security Council, in the negotiations with Sandline International, is not entirely clear. He was involved in the Sandline negotiations from at least April 1996 and apparently went along with the rather draconian military estimate contained in the December 1996 *Project Contravene* proposal (reproduced below as an appendix); within the terms of *Project Contravene* all personnel 'would be tasked under the full command of Commander of PNG Forces'. The prospect of additional funding and equipment for the security forces' operations must have held some attraction to the Defence Force commander, whose troops, in his own words, had been operating on Bougainville for nine years with 'depleted resources ...and lack of funding for vital

allowances and supplies from successive governments'. In his own words, Singirok initially 'followed orders' on the Sandline contract. But at some point in February-March 1997 he decided that the contract undermined the role of the security forces—specifically the PNGDF (and Singirok's personal position as PNGDF commander)—and impinged upon the sovereignty of the Papua New Guinea state. It also cost money which might be better spent on the PNGDF. More significantly, perhaps, Singirok appears to have become concerned at 'the expected backlash as a result of any major military operations on Bougainville which will for ever remain with us' ('Address to the Nation' 17 March 1997, see Appendix document 7).

Another factor in Singirok's change of attitude may have been a letter he received from the acting secretary of the Department of the Prime Minister and National Executive Council dated 20 January 1997, in which he was informed that the prime minister had directed that the 'PNGDF Rapid Reaction Force' (presumably the recently-established Special Forces Unit) 'be formalised, strengthened and commanded by Police' and be brought administratively under the Department of the PM and NEC. Singirok objected to the shifting of control over the unit to the prime minister, subsequently telling the Sandline enquiry

I believed strongly that if Sandline is engaged and if the Prime Minister has personal interests in the SFU and Sandline, obviously the SFU will be amalgamated with Sandline and we will have a palace guard. We will not have a Defence Force that represents the Constitution (*Post-Courier* 10 April 1997).

In making a stand against the Sandline contract, and against those most closely responsible for it, Brigadier General Singirok was thus ostensibly motivated by both moral outrage and by the corporate interests of the military.² Both of these are factors which feature large in the literature of military coups.

There was substantial popular support for Singirok's action, but there were also many, including some within the PNGDF itself, who condemned the move as setting a dangerous precedent.

Two of the questions most frequently asked by the foreign media at the time were, 'Is this a coup?' and 'Is the military, "having tasted power", likely to seek a continuing role in politics, as in many African [curiously, few journalists said 'and Asian'] countries?'

The answer to the first question ultimately comes down to defining what constitutes a coup. But it is significant, not only that Singirok

himself specifically denied that his actions constituted a coup (a claim, however, that many coup leaders make), but also that *Operation Rausim Kwik* (as the action was called) involved no attempt to detain political leaders³ or occupy the Parliament, nor any attempt to seize radio or TV stations or influence the press—the initial steps of any normal coup. It is also worth bearing in mind that, with national elections only weeks away, there were means close to hand of resolving the issue, within the classic democratic paradigm, ‘through the ballot box’, and that, when dismissed, Singirok accepted his dismissal. Thus, without in any way downplaying the seriousness of Singirok’s action, to describe it as a ‘coup’ would be to stretch that term well beyond its normal usage.

In addressing the second question, it is well to remember, first, that, though this may be the most serious, it is not the first (and probably will not be the last) confrontation between the elected government and the security forces in Papua New Guinea, and, secondly, that successive elected governments have tempted such intervention insofar as they have deliberately politicized the position of Defence Force commander—though it is ironic that Singirok, appointed by Chan in October 1995 over several more senior officers, was seen at the time as ‘Chan’s man’. For some years, most professional observers have been dismissive of the likelihood of a military coup. This view has been biased on consideration of logistic factors and the demonstrated incapacity of the small force, even with government support, to resolve the Bougainville conflict or (with the police) to maintain peace and order in other parts of the country. On the other hand, increasingly we have tended to concede the possibility that the PNGDF (or at least factions of it), perhaps in collaboration with disgruntled or ambitious politicians, might seek to exercise selective influence over government decision making.

In the fallout from the events of March–April 1997 this position remains sustainable. The prime minister, deputy prime minister, and Defence minister ‘stood aside’ pending an enquiry, and two of them subsequently lost their parliamentary seats in the June 1997 election; Singirok was dismissed and in September 1997 was facing charges of sedition.⁴ Contrary to the expectations of many people, the PNGDF generally showed remarkable discipline during the popular demonstrations against the Sandline contract, and was largely responsible for defusing a potentially explosive situation outside the National Parliament on 25–26 March (when Prime Minister Chan and

his two ministers were persuaded to step aside) after the police had departed the scene, leaving an agitated crowd of demonstrators. A Defence Board of Enquiry has since been set up to review the PNGDF's role in the events of March.

Papua New Guinea's robust democratic system appears to have survived another crisis intact. Nevertheless the March 1997 incident has clearly placed further strains on relations between the government and the military, and has exacerbated divisions within the PNGDF. These strains may pose continuing problems for the incoming government, whose Defence minister, Mao Zeming, reportedly 'has reaffirmed his determination to restore discipline and stability in the Defence Force' (*National* 10 September 1997).

Notes

- 1 Parliament of Australia, Joint Committee on Foreign Affairs, Defence and Trade, Hearing, 22 October 1990, p. 793.
- 2 In the light of subsequent revelations, concerning payments received by Singirok from UK arms dealers J & S Franklin, there may also have been more personal and perhaps venal motives.
- 3 Singirok's 17 March statement did contain the statement: 'If the PM and his deputy and Minister for Defence do not step down within 48 hours then I will plea to Papua New Guineans (*sic*) to join hands to force them to resign'; but when the three had not resigned within 48 hours no direct move was made against them.
- 4 In addition, the commander of *Operation Rausim Kwik*, Major Walter Enuma, and four other soldiers were facing court martial over the release of Enuma was released in an armed raid on the Boroko [Port Moresby] police station on 16 March 1992, and the new PNGDF commander, Brigadier General Leo Nuia, was detained by the soldiers. (Enuma had been arrested in connection with the allegedly unauthorized presence of uniformed soldiers, led by Enuma, during voting in a highlands electorate in June 1997.)

8

The rise of power is the beginning of its downfall: a Bougainvillean perspective on the Sandline affair

Ruth Saovana-Spriggs

This paper expresses my reactions, as a Bougainvillean, to the dramatic events which commenced on 17 March 1997 when Brigadier General Jerry Singirok announced his rejection of Papua New Guinea's contract with Sandline International. As these events unfolded, I assiduously watched the evening news coverage on Australian television and closely followed the Australian newspapers.

Two issues preoccupied my mind. First, there were questions of whether the majority of Bougainvilleans had any idea of who the mercenaries were or what their mission objectives were, and whether Bougainvilleans had any conception of the consequences which the use of mercenaries would have had. As I see it, the use of mercenaries would have killed many people and destroyed much property, thereby increasing the pain of the nine-year-old wound carried by every Bougainvillean. My second concern was that, in the absence of proper information, many Bougainvilleans may have welcomed the Sandline personnel troops in the mistaken belief that they would end the suffering—though Bougainvilleans generally have grown very wary of outsiders entering the island. I was also moved by the knowledge that the majority of the people do not have any say in the strategies that have been adopted in the search for a solution to the crisis, and by the thought that the intervention of mercenaries would ultimately

serve to unite Bougainvilleans in their demand for independence as the only solution.

In the following paragraphs I consider the positions of the main actors: Sir Julius Chan, the prime minister in March 1997; Brigadier General Singirok, who, despite his initial involvement, came out in opposition to the hiring of the Sandline mercenaries; and Francis Ona, the original leader of the Bougainville Revolutionary Army, who believed his fighters would win the battle. My concluding remarks speculate on what could have happened had Sandline gone into Bougainville by reference to what happened in Sierra Leone, where a Sandline associate company, Executive Outcomes, was engaged.

(Former) Brigadier General Jerry Singirok

Although it is difficult for me to assess the opinions and feelings of Bougainvilleans from my vantage point in Australia, it seems that Singirok was perceived by Papua New Guineans and Bougainvilleans from very different perspectives. Some saw him in the context of a nation desperately needing moral reconstruction. Some of the churches, which prior to the Sandline crisis in the lead-up to the general elections of June 1997, launched a nation-wide spiritual exercise called *Operation Brukim Skru*, must have felt that God had answered their prayers. Others felt strongly that Singirok had exceeded his constitutional role as the top military man in the country.

The former Brigadier General's actions appear to have sprung in large part from his deep spiritual faith. According to international news coverage, he repeatedly spoke of his Christian principles. He also spoke as a man of humility, weighed down by national concerns.

I do not want people to see me as a hero...I saw what the government was trying to do as a major, major disaster in the history of our nation so as a responsible commander I did what I did. It is not an issue of power or glory or heroism. I did what I thought was best for my country (*Pacific Islands Monthly* May 1997:17).

Singirok spoke as a man of humility, weighed down by national concerns. A prominent linguist at the Australian National University, who knows Singirok's father well, described Singirok's behaviour as typical of that of his father. According to the linguist, Singirok's father always promoted the needs of the community, devoting himself to its welfare and improvement; he was a doer, an achiever, not much of a talker but very gentle, loving and caring, and very giving. He

continued to work selflessly for his people until he turned fifty and realized it was time to settle down and get married. The father was well respected and like his son was not a power or a glory seeker.

According to one media report,

Singirok's unrelenting stand against alleged corruption in the Sandline deal and the restraint he exercised over his troops have earned him the respect and admiration of his men and the general populace of Papua New Guinea. There is also widespread praise for him in the region. (*Pacific Islands Monthly* May 1997:14).

When the former prime minister announced that he was stepping aside pending the Commission of Inquiry, the crowd standing outside the National Parliament was moved to give 'an almighty cheer'; 'unbridled expressions of joy' culminated in the mass singing of Papua New Guinea's national anthem. 'Crowds stood on street corners waving and cheering, drivers sounded their car horns and flashed their headlights: ...the soldiers' joy was matched with that of thousands who had camped outside Parliament House' (*Pacific Islands Monthly* May 1997:15). Prominent Papua New Guineans Sir Barry Holloway and Meg Taylor became patrons of a fund set up subsequently to assist with financing Singirok's court fees. Singirok had clearly touched a popular chord with his proclamations about the need to weed out corruption.

My own feelings were of amazement. I recalled his involvement in Bougainville from 1989, including the 1993–94 PNGDF reoccupation of Loloho, Arawa township, the Panguna mine site, and the disastrous 1996 *Operation High Speed II*. I was confused about his sudden change of direction. As events unfolded, I began to develop a deep respect for the man; I felt I could believe that his newly expressed sentiments were those of a genuinely humane and Christian individual. What, then, about the accusations laid against him by Sir Julius Chan and others? These included; his early enthusiasm for the Sandline contract; breach of the Papua New Guinea *Constitution*; treason in attempting to take over the government by force; and, finally, the \$70,000 reportedly received from Franklins, another foreign arms dealer. These allegations—serious though they were—did not change my mind. The *Constitution* is not a rigid document but an evolving body of law which changes in accordance with changing circumstances. In my view, Singirok's actions were in accord with the spirit, if not the letter, of Papua New Guinea's *Constitution*. Also, with so much alleged

corruption by parliamentarians breaching the *Leadership Code*, no member was innocent enough to cast the first stone at Singirok. I asked myself, who in his right mind would be able to live with the enormous guilt and regret over the deaths that would have ensued from the implementation of the original plan? In this context, I believe that Singirok's actions prevented a far greater evil than they themselves constituted.

Sir Julius Chan

Prior to the Sandline affair, Sir Julius Chan had already developed a reputation for ruling with an iron fist. Responding to international criticism of his decision to hire Sandline, Sir Julius warned that he would not bow to external pressure and that his government would not be deterred from its goals (*Sydney Morning Herald* 3 March 1997). One journalist described him as 'paternal, condescending and extremely contradictory' (*Pacific Islands Monthly* May 1997). The same article commented that Sir Julius 'argued long and hard that he had done the right thing and that he had always had the good of the country at heart. But he has ended up a long way from the hearts of his countrymen'. At one point he angrily dismissed the claim that mercenaries were hired to 'blast the rebels' on Bougainville as 'inaccurate and sensationalist media reports' but said that his government 'had hired a professional multinational company to provide military training and logistic support to PNG security forces' (*The Age* 25 February 1997). At the time, there were numerous local and international reports claiming that the sole purpose of the Sandline initiative was the extermination of the BRA and its leaders. According to well known Papua New Guinea observer, James Griffin, Sir Julius had been simultaneously pursuing policies of conciliation and confrontation (*Sydney Morning Herald* February 26 1997). Sir Julius's previous efforts to resolve the Bougainville crisis had all failed. These included the 1993 Honiara Peace Negotiations, the ill-fated 1994 Arawa Peace Talks, and the 1996 *Operation High Speed II* (which led to the capture of five members of the Papua New Guinea security forces). The implication of members of the Defence Force (PNGDF) in the assassination of Premier Miriung aggravated the situation. For power, for fame, for wealth, Sir Julius could not see clearly power crumbling under his feet.

Francis Ona

In an exclusive interview with an Australian newspaper, Francis Ona, leader of the Bougainville Revolutionary Army, announced that 'his fighters would wipe out the mercenaries'; he had ordered his men to shoot on sight (*The Age* 2 February 1997). Rebel leaders were reported as saying that, 'their fighters were "roaming like dogs" and were hunting the mercenaries', and that 'the BRA were high-spirited and ready for action' (*The Age* 2 February 1997). Personally, I was concerned with Francis Ona's response. Did Ona and other BRA leaders really know what they were up against? Had Ona considered the casualties that were likely to occur among his young fighters? Australian newspapers reported that the mercenaries were equipped with night vision equipment and infra-red radar (*Sydney Morning Herald* 3 March 1997). In practice, it would have been virtually impossible for the mercenaries to distinguish between BRA fighters and ordinary civilians. Mercenaries, supplied by Executive Outcomes, a firm subcontracted by Sandline, had been involved in conflicts in Sierra Leone, where they had used high-tech weapons such as Mi-17 and Mi-24 Hind Russian helicopter gunships, radio intercept systems, and fuel-air explosives (bombs that suck out oxygen upon detonation, killing all life within a square mile radius) (*Harper's Magazine* February 1997:49). The Sandline contract referred to 'weapons, ammunition and equipment, including helicopters and aircraft (serviceable for up to 50 hours flying time per machine per month), and electronic warfare equipment and communications systems'. Ona owes a big 'thank you' to Singirok.

Sandline in broader context

The appearance of Sandline and Executive Outcomes in Papua New Guinea invites comparison with the role of mercenaries in other parts of the world, notably in sub-Saharan Africa. The involvement of Executive Outcomes in Sierra Leone, described by Elizabeth Rubin, is a case in point (*Harper's Magazine* February 1997:44).

Several points about the Sierra Leone case are pertinent to the Papua New Guinea Sandline deal. Sierra Leone's political leaders felt uncomfortable about the cost of employing Executive Outcomes and about its effect on national pride, but confessed that they saw no alternative; the newly appointed defence minister, asked, 'if we

employ a service to protect our hard-won democracy, why should it be viewed negatively?' (*Harper's Magazine* February 1997:48). This question may also have crossed the minds of many Papua New Guineans. People on Bougainville and mainland Papua New Guinea had grown increasingly tired of the conflict and suffering and become frustrated at the numerous failed peace initiatives. The early support for Sir Julius's plans was indicative of popular sentiment.

In Sierra Leone it was reported that pilots working with the mercenaries were having difficulty distinguishing between the rebels and civilians camped under the impenetrable jungle canopy; on asking the commander what to do, they were reportedly told to 'kill everybody'. Indiscriminate killing of rebels and civilians would also have occurred on Bougainville had the mercenaries' operation proceeded. Singirok and other Papua New Guineans involved would have had to live with the consequences of such actions for the rest of their lives.

Many civilians in Sierra Leone were reported to be supportive of the activities of Executive Outcomes. According to one observer,

...many felt so indebted to the soldiers of Executive Outcomes, whom they rather fantastically imagined had come in a gesture of pan-African generosity, that they prayed for them at mosques...the chiefs, the businessmen and the street people [hailed them] as saviors (*Harper's Magazine* February 1997:46).

Local commercial activities came alive; tailors, barbers, and the street markets thrived again. A delegation of paramount chiefs urged the newly elected civilian president to renew Executive Outcomes' estimated \$1.8 million per month contract. In the Sandline agreement of January 1997 it was stated that the 'State shall have the option of renewing this agreement either in part or in whole for further periods as may be required'. Considering not only the possibility of another eruption of violence on Bougainville but also the increasing crime and violence in the country, the extension of the mercenaries' involvement was highly likely.

In Sierra Leone, according to an American aid worker, casualties were heavy; the mercenary pilots were said to be racist killers with no interest in the country (*Harper's Magazine* February 1997:48). What about the mercenaries hired by Sir Julius Chan and his colleagues? Fortunately, we never had the time to find out.

9

Trading in security: private military contractors in Papua New Guinea

Sinclair Dinnen

International condemnation of the Sandline proposal was directed at the proposed deployment of 'mercenaries' on Bougainville. Revulsion at the prospect of 'contract killers' was shared by many in Papua New Guinea, particularly as rumours spread of their devastating firepower and prior record in African conflicts. Concern about the high rates of 'collateral damage' was also one of the most compelling reasons put forward by Brigadier General Singirok in justifying his 'mutiny'.

The irony of Sandline and Executive Outcomes' humiliation at the hands of the weak Third World army (and their civilian supporters) they had come to strengthen brought much satisfaction to opponents of mercenaries. Their appearance in this ostensibly marginal part of the world was, nevertheless, a reminder of the long-reach of private military contractors and their potential for fomenting serious political unrest. These events also drew attention to the changing character of entities that bear little resemblance to the caricature of the old-style mercenary outfit. Why have these organisations emerged in recent years? How is their evolution related to wider global developments, notably the end of the Cold War? Why is this seen as a problem that needs to be regulated and controlled by, for example, international conventions? What is the background of such companies in Papua New Guinea?

Mercenaries, consultants or corporate warriors?

Appearing before the first commission of inquiry in Port Moresby in April 1997, Sandline director Tim Spicer described his company as offering military consultancy and related services (PNG 1997:4.1). Spicer is a former Lieutenant-Colonel in the Scots Guard with extensive operational experience in Northern Ireland, the Falklands and the Gulf War, as well as having served as a senior UN peacekeeper in Bosnia. Sandline International, incorporated in the British Virgin Islands, adopted its current name in 1996. It has a contract with another company—Plaza 107—for the provision of representative services in the United Kingdom. Plaza 107 is owned by Michael Grunberg, who is also Sandline's financial controller and helped prepare the Papua New Guinea contract. Sandline shares its expensive London office complex in Chelsea's fashionable Kings Road with two other companies—Heritage Oil and Gas (another Plaza 107 client) and Branch Energy—both of which have been associated with Executive Outcomes (*The Independent*, April 4, 1997). Tony Buckingham, a director of Heritage, was also involved in the Sandline contract. Sandline, in turn, has a close, if obscure, relationship with Executive Outcomes which supplied the mercenaries for the Papua New Guinea operation. According to Spicer, the two companies are separate entities (*The Independent* April 4, 1997). The first inquiry report concluded that there was a strong inference of 'something of a joint venture' between Sandline and Executive Outcomes (PNG 1997:4.10). Sandline appears to act as a broker, sub-contracting mercenaries and military equipment from Executive Outcomes.

The better-known Executive Outcomes offers a wide range of military and other services. According to a promotional brochure, the company 'provides a highly professional and confidential military advisory service to legitimate governments', promising 'sound strategic and tactical advice' and 'the most professional training packages available to armed forces' (*The Independent* (UK) 16 September 1996). The company has mounted successful operations in Angola and Sierra Leone involving armour, artillery and air-power (Hooper 1996, 1997). Its military 'consultants' have ranks, wear uniforms and are extremely well paid. Executive Outcomes has its roots in South Africa and the apartheid era. Established in Pretoria in 1989, it employs members of the former apartheid regime's military and counter-insurgency units, ex-ANC guerillas, as well as a number

of ex-military personnel from non-South African countries. With a roster of over 2,000 potential employees and an estimated income of more than US\$50 million in 1994/5, Executive Outcomes is now the largest private military advisory company in the world (Goulet 1997:426).

Despite their popular image as ill-disciplined bands of adventurers, the mercenary organisations that have evolved in the post-Cold War era have undergone a significant transformation. Unlike their predecessors of the 1960s and 1970's, today's private military practitioners have acquired growing levels of legitimacy in parts of the corporate world and among certain governments and international agencies. The current revival in private military security is broadly consistent with the prevailing orthodoxy of economic rationalism, with its emphasis on 'downsizing' government and large-scale privatisation. Shortly after the disclosure of the Papua New Guinea government's plan to engage Sandline, one observer suggested sardonically that it provided 'a perfect example of outsourcing' (*The Australian* 4 March 1997). Not surprisingly the most forceful proponents of this view are representatives of the companies concerned. Eben Barlow of Executive Outcomes used such an argument to dismiss Australian concerns about his company's involvement in Papua New Guinea.

Apparently they (Australian government) are complaining that a private company has been brought in to train the Papua New Guinean security forces. Outside contractors to armies worldwide is nothing strange...It happens in the South African army, it happens in the British army, it happens in the American army, where outside companies are contracted by armed forces to provide them with skills. So I really don't know what the problem is (SABC TV 4 March 1997, BBC Monitoring Summary of World Broadcasts).

The massive growth in the scale and range of private security services is, of course, a global phenomenon. Today's large military contractors have evolved in the context of the post-Cold War environment. This broader background includes changing domestic conditions in the Western nations, as well as increasing levels of social, political and economic instability in the Third World.

The end of the Cold War has resulted in a substantial scaling down in the military establishments of most Western countries. In the United States, for example, troop levels are estimated to have shrunk by approximately 30 per cent (Silverstein 1997:12). This has led to a

massive surplus in former military personnel of all ranks and is one factor behind the growth of private military companies in these countries. In the case of the new South Africa, the dismantling of the formidable security apparatus of apartheid and integration of former guerilla forces presented a very real threat to the political stability of the fledgling democracy. Initial reluctance by South African authorities to condemn the appearance of organisations like Executive Outcomes was, in part, recognition that they provided a solution to 'a potentially dangerous military unemployment problem in South Africa' (Rubin 1997:54).

Private military contractors are also in a position to carry out tasks that their own governments cannot, or are unwilling to, perform because of budgetary restrictions or political sensitivities. Many of the largest US companies are headed by retired senior officers who maintain close links with military and intelligence authorities (Silverstein 1997). Private companies can be used as proxies for advancing a home government's strategic and commercial interests in politically sensitive parts of the world. This is a useful way of avoiding international embarrassment, particularly when dealing with countries with poor human rights records.

Another catalyst for the growth of such companies is the increasingly precarious security environment found in many parts of the post-Cold War world. In place of the relative certainty of Cold War divisions, nation-states and international borders have been progressively eroded in recent years. National and superpower conflicts have been superseded by numerous non-ideological, low-intensity and sub-national conflicts. As in parts of Africa and some former communist countries, these conflicts are often waged in territories presided over by weak or collapsed states and beset by poverty, violence, environmental degradation and political corruption (Kaplan 1994).

International interventions in this context are fraught with risk, occasionally leading to spectacular and costly failures, as in Lebanon and Somalia. This, in turn, has fuelled a growing reluctance on the part of the United Nations and Western powers to become directly involved. The combination of internal disintegration and an increasingly cautious international community has created a window of opportunity for the more entrepreneurial private contractors. Sandline's Tim Spicer told Australian journalists that his company was

established to fill a vacuum left by the diminishing resolve and capability of Western nations to intervene in domestic security crises (*Sydney Morning Herald* 14 March 1997).

According to one report, the existence of Executive Outcomes 'is symptomatic of the failure of the international community and African political leaders to prevent the economic, social and political breakdown of many states in Africa' (*The Independent* (UK) 16 September 1996). The UN Commission on Human Rights' Special Rapporteur on Mercenaries has also stated that

Underlying these services is the fact that they are offered because there are States in such crisis that they are no longer capable, constitutionally or at the military or police level, of safeguarding their borders, public order and the security of the population. In this context of crisis, which also involves distrustful, precarious relations with other States, a vacuum is created which is precisely what leads to the establishment of private companies selling security services (UN 1997:para.99).

Against this background Executive Outcomes has been quick to promote itself as an 'upholder of international order and promoter of global peace' (*New Statesman* 25 April 1997), and, in the case of its usual theatre of operations, 'as a force for stability in Africa' (*The Economist* 29 July 1995).

An excerpt from a British intelligence document, quoted in the South African press, attests to the remarkable success achieved by Executive Outcomes during its relatively short existence.

The indications are that Executive Outcomes is acquiring a wide reputation in sub-Saharan Africa for reliability and efficiency. It has a particular appeal to smaller countries desperate for rapid assistance. UN operations are cumbersome and slow and the Organisation of African Unity has hitherto shown itself to be generally ineffective except as a talking shop. There is every likelihood that Executive Outcome's services, which are already extending beyond the field of security into import/export and administration, will continue increasingly to be sought (quoted in the electronic *Mail & Guardian* 27 January 1997).

According to the same document, there have even been suggestions that the Organisation of African Unity could be 'forced to offer Executive Outcomes a contract for the management of peace-keeping continent-wide'.

The larger private organisations are transnational entities, generally operating in clusters of interconnected companies, making it

difficult to ascertain exact identities and allowing for regular reconfiguration. A wide range of military/security services is offered, including highly trained combat personnel, hi-tech military equipment, training, site protection, military advice and so on. Services provided are carefully tailored to the specific requirements of corporate and government clients. Their *modus operandi* permits relatively instantaneous responses, unimpeded by procedural formalities and the constraints inherent in multilateral initiatives. In addition, they are adept at reinventing themselves in the face of international criticism and new market openings, gradually expanding into less controversial areas of business. One of the largest British companies, Defence Systems Limited (see below), has recently extended its operations from frontline security to post-conflict reconstruction, working with NGO's and UN agencies in the aftermath of local conflicts ('We don't do Wars', ABC Radio National Transcripts, Background Briefing, 15 June 1997).

Private operators are careful to distance themselves from dominant stereotypes by emphasising their own moral credentials. These would include their purported respect for human rights and acceptance of civilian control by 'legitimate' governments. The managing director of Executive Outcomes has stated that

There are certain governments we cannot be associated with because they support international terrorism, or they pose a threat to their own people, or they have a track record of ethnic aggression. We only work for legitimate governments which are recognised by the UN (quoted in *New Statesman* 25 April 1997:24).

Unlike their Cold War predecessors who often engaged in covert operations, today's mercenaries operate with the overt sanctioning of government. This indeed appears to be one of the major differences between them.

The manner in which military contractors secure payment in the often cash-poor environments in which they operate provides another vital ingredient to their rising fortunes. It also illustrates how such companies have evolved into significant economic, as well as political, players. Many larger companies forge close working relationships with transnational mining and oil corporations operating in resource-rich but politically unstable environments. Military contractors provide the services needed to ensure uninterrupted extraction and transportation of natural resources—services which incapacitated state security forces are, by definition, incapable of delivering. In practice,

payment is often sought in the form of mineral or other commercial concessions. These, in turn, provide the contractor with a substantial, long-term economic interest in the country concerned. According to the UN Special Rapporteur

Once a greater degree of security has been attained, the firm apparently begins to exploit the concessions it has received by setting up a number of associates and affiliates...thereby acquiring a significant, if not hegemonic, presence in the economic life of the country in which it is operating (quoted in *New Statesman* 25 April 1997:25).

It is the mortgaging of the future wealth of Third World nations to companies like Executive Outcomes that has caused as much concern, as have the more obvious humanitarian and moral issues raised by their militaristic activities.

International law and sovereignty

International opposition to the use of mercenaries is found in Article 47 of the 1977 *Additional Protocol to the 1949 Geneva Convention*, as well as in the 1977 *Organisation of African Unity Convention for the Elimination of Mercenarism in Africa*. The most recent international instrument is the 1989 *International Convention against the Recruitment, Use, Financing and Training of Mercenaries*. Article 1 of this Convention, defines a mercenary as any person who is

- (a) specially recruited locally or abroad in order to fight in an armed conflict;
- (b) is motivated...essentially by the desire for private gain and, in fact, is promised, by or on behalf of a party to the conflict, material compensation substantially in excess of that promised or paid to combatants of similar rank and functions in the armed forces of that party;
- (c) is neither a national of a party to the conflict nor a resident of territory controlled by a party to the conflict; and
- (d) is not a member of the armed forces of a party to the conflict; and
- (e) has not been sent by a State which is not a party to the conflict on official duty as a member of its armed forces.

The 1989 Convention is designed to facilitate identification of the use of mercenaries, the effective prosecution and punishment of offenders, the clear determination of jurisdiction in each case, and

extradition procedures and preventative cooperation between states. As with other international laws, the Convention is essentially a statement of principle and has little practical force *per se*. Its impact depends on ratification by individual states and their enactment of appropriate domestic legislation. By 1997, however, only eleven states had completed the ratification process, while another eleven had commenced the process by signing the Convention. Neither Australia nor Papua New Guinea is among the signatories. Largely in response to the Sandline controversy, the opposition has recently called on the Australian government to sign the Convention (ABC Radio National, International News, 30 May 1997). The government has since indicated its intention to sign (Reuters News Service 14 July 1997).

The use of mercenaries is seen by governments as problematic because it violates assumptions about how sovereign states are supposed to operate. Prevailing conceptions of statehood vest the state with an exclusive legal monopoly over violence within its territorial boundaries. This monopoly is exercised by state security services, namely the police and military. Such an assumption is most clearly breached where mercenary activities are initiated or funded by foreign or non-government sources without the consent of the host state. The breach is less apparent when a host state voluntarily cedes this part of its sovereignty to foreign contractors, as in the Papua New Guinea case. This is why companies like Executive Outcomes are careful to emphasise that they work only for legitimate governments. Even in this situation, however, international authorities have still identified particular threats to sovereignty. The voluntary engagement of a powerful private contractor by a weak state in a divided society falls into this ambiguous category. In this situation, unaccountable foreign contractors, in partnership with transnational corporations, may acquire significant economic and political leverage, thereby usurping the sovereignty of the host state. Mercenary companies and their corporate partners may become, in effect, agents of a new post-Cold War neocolonialism. The UN Special Rapporteur expresses this position as follows.

[R]esponsibility for a country's internal order and security are peremptory obligations which a State fulfils through its police and armed forces. Turning these responsibilities over to private companies registered in third countries would be to restrict the sovereignty of the State whose Government signed such a contract or to cede part of that sovereignty to a company, in return for which it would exercise the

rights of the State police or those involved in defending territorial integrity or the population...(T)he weak countries, which might...be tempted to become clients of these powerful companies, may simply have given the first *coup de grace* to their own State and have paved the way for the multinational neocolonialism of the twenty-first century (UN 1997:para.109).

While the Special Rapporteur and other critics emphasise new threats presented by the emergence of companies like Executive Outcomes, it is worth noting that current trends towards the privatisation of violence have strong parallels in earlier European and colonial history. As Janice Thomson has pointed out

In the six centuries leading up to 1900, global violence was democratized, marketized, and internationalized. Nonstate violence dominated the international system. People bought and sold military manpower like a commodity on the global market. The identity of suppliers or purchasers meant almost nothing (Thomson 1994:3).

The changing system of states in the post-Cold War world is to a large extent anticipated in the transformations in warfare that have taken place during the second half of the twentieth century. Growing numbers of states are patently incapable of controlling violence within their territorial boundaries. The assumptions of sovereignty and statehood underlying the proclamations of the UN's Special Rapporteur, among others, no longer reflect geo-political conditions in large parts of the world. Since 1945 the overwhelming pattern of global conflict has been low intensity and intra-national in character, rather than warfare waged between nations. While the work of strategic planners continues to be premised on notions of conventional warfare between nations, the 'war-making entities' of the future are likely to be similar to those that prevailed before the emergence of the modern nation-state and the separation of military and economic functions (Van Creveld 1991). These are more likely to comprise ethnic, tribal, religious and corporate groups, than states.

The working environment

An unstable law and order environment provides the natural setting for organisations like Executive Outcomes. The sub-Saharan African countries that have provided work for private military contractors in recent years have suffered varying degrees of internal disorder, including civil war, ethnic conflict, high levels of criminal violence, and limited government control.

The hiring of Sandline and Executive Outcomes by the Chan government was a direct response to the unresolved conflict on the island of Bougainville. This conflict began in 1988 as a dispute between local landowners and the CRA operated copper mine at Panguna and developed into a secessionist conflict between the Bougainville Revolutionary Army and the Papua New Guinea state. As well as its tragic toll in human lives and suffering, the conflict has had a significant economic impact in terms of lost revenue from the mine and the cumulative expense of prolonged security operations. Prior to its closure in 1989 in response to rebel violence, the Panguna mine accounted for 8 per cent of GDP, 35 per cent of export earnings and 12 per cent of government revenue (Elek 1992:63). While the loss of the Panguna mine has to some extent been off-set by new resource projects, the cost of the conflict to the national economy has been considerable.

Official concern with the economic effects of Papua New Guinea's internal security problems extends well beyond the Bougainville context. Addressing a national crime summit in 1991, the then prime minister claimed that lawlessness had the potential to do more economic damage than the Bougainville crisis and downturn in commodity prices combined (*The Australian* 12 February 1991:5). Papua New Guinea has experienced rising levels of criminal violence concentrated in urban centres, periodic banditry in many rural areas, as well as intermittent inter-group conflict in parts of the Highlands. High levels of personal insecurity are reflected in the booming security industry and the extraordinary lengths to which individuals go to protect their persons and property. Launching the official 'Year of Law Enforcement' in early 1996, Prime Minister Sir Julius Chan acknowledged the country's 'crime nightmare' (*Post-Courier* 11 January 1996). The direct costs of crime in terms of property loss, expenditure on law enforcement and private security have recently been estimated at 5 per cent of GDP annually (Levantis and Chand 1997:4). Indirect costs in terms of lost investment opportunities and personal suffering are also substantial.

While companies like Executive Outcomes are better known for their military services, many of them also provide training for state police forces and private security for corporate clients. Defence Systems Limited, whose involvement in mercenary activities has been noted by the UN Special Rapporteur (UN 1997:para.39), was contracted by the Papua New Guinea government in early 1992 to

train a special police unit to provide security at mining and petroleum installations in the Papua New Guinea Highlands (see below). Executive Outcomes was recently reported to have placed a bid for security contracts worth an estimated AUS\$1 million with agricultural and forest companies in South Africa to 'combat crime' (*Green Left Weekly* 5 March 1997:1). Distinctions between crime and armed rebellion, and between the roles of civilian police and military forces, are often blurred by such companies in the quest for lucrative contracts. Whether from genuine ignorance or deliberate obfuscation, Eben Barlow of Executive Outcomes sought to explain his company's involvement in Papua New Guinea primarily in terms of 'crime problems'.

(A)t the end of the day any government should have its own prerogative who is best able to help them solve certain problems. The people of Papua New Guinea have put pressure on the government due to instability. Crime has been on the increase. The citizens have lost their basic right of private security which they no longer have, and the government deemed it necessary to have their security forces retrained in order to prevent the escalation of crime, as well as to stabilize areas where the rebels are operating (SABC TV, 4 March 1997, BBC Monitoring Summary of World Broadcasts).

While Papua New Guinea's problems of order tend to be enclave in character and have yet to acquire the dimensions of those evident in many other parts of the world, their concentration in areas of highest development accentuates their gravity for national authorities. When combined with the weakness of state controls, this environment presents considerable opportunities for private contractors.

Paying the price

The services provided by private military contractors do not come cheap. Executive Outcomes was reputed to have been paid US\$40 million per annum by the Angolan government for fighting the rebel UNITA forces of Jonas Savimbi for two years between 1993 and 1995 (*Sydney Morning Herald* 26 February 1997). In 1995 Executive Outcomes reportedly entered a US\$15 million contract with the Sierra Leone government to fight insurgents, as well as acquiring concessions in diamond mines (*Harper's Magazine* February 1997:45).

The inclusive fee specified in the agreement between Sandline and the Papua New Guinea government for the three month contract period was US\$36 million. This sum compared to the reported US\$23

million (K30 million) annual budget of the Papua New Guinea Defence Force (*Post-Courier* 4 April 1997). Despite the fact that over 80 per cent of the Sandline fee was for the purchase of equipment and weapons, Commander Singirok expressed outrage that the government was prepared to spend such a large sum on this private initiative. Explaining why he withdrew his cooperation, Singirok stated

It is my professional and ethical view that it is wrong to hire Sandline International to carry out the operations on Bougainville at a price which could re-equip and boost the morale of our Security Forces who for the past nine years have managed to contain the uprising given the depleted resources, personal sacrifices and lack of funding for vital allowances and supplies from successive governments (*Post-Courier* 18 March 1997).

Funds diverted for special operations such as the Sandline project inevitably cut into the recurrent budgets of government line agencies, thereby contributing to state incapacity. According to local newspaper reports, a total of K6.7 million was cut from the Defence budget to pay for the Sandline operation, as well as K2.5 million from Police, K2.5 from Health and another K2 million from Education (*Post-Courier* 28 May 1997). The acting Finance minister, who replaced the 'stood down' Chris Haiveta, admitted that the Sandline crisis had put the country's economy back by five or six years (*Post-Courier* 12 May 1997). Two months after the suspension of the operation, the acting chief of staff of the PNGDF complained that Sandline expenditure had left the Defence Force so short of funds that it was having serious difficulty feeding its troops (Radio Australia External Service 24 May 1997).

Seeking partial payment in mineral or other commercial concessions has, as we have noted, become a feature of Executive Outcomes operations in sub-Saharan Africa. The contract between Sandline and the Papua New Guinea government specified cash only. By the time the contract was eventually suspended on 20 March, half of the total fee had already been paid by the government. Suspicions about possible Sandline/Executive Outcomes involvement in the Panguna mine had been raised when Sir Julius Chan first announced his government's intention to buy back control of the mine at the beginning of March (*Australian Financial Review* 3 March 1997). In his evidence to the first Commission of Inquiry, former Commander Singirok alleged that Sandline was more interested in gaining a stake

in Bougainville's natural resources than in resolving the underlying conflict (*Sydney Morning Herald* 10 April 1997). Although Sandline executive, Tim Spicer, denied that his company was seeking mining concessions, a document signed by him and presented to the inquiry suggested a joint venture with the Papua New Guinea government and RTZ to operate the Panguna mine once recaptured. In the document, a letter addressed to Defence Minister Ijape, Spicer reportedly proposed that

We may be able to assist with funding and could come to some arrangements regarding part repayment with mineral concessions (quoted in *The Independent* 4 April 1997).

This suggestion was apparently not taken up by Papua New Guinea authorities. Ian Molloy, counsel assisting the inquiry, claimed that 'it is quite plain through the whole history of the saga that the Sandline interests had an ongoing keen interest in the mine itself and to get an interest in the mine for themselves' (quoted in *The Independent* 16 May 1997).

The DSL connection

Tim Spicer told the commission of inquiry that his company first became involved in Papua New Guinea in March 1996 after he was told by a friend that the Defence minister was interested in purchasing military helicopters for the PNGDF (*The Independent* 4 April 1997). The friend in question was Alistair Morrison, chairman of London-based security firm, Defence Systems Limited (DSL). DSL had previously been involved in other security proposals with Papua New Guinea officials. The Defence minister was Mathias Ijape. As Police minister in the former Namaliu administration, Mr Ijape had been closely involved with DSL in connection with the earlier police Rapid Deployment Unit.

DSL and the Rapid Deployment Unit were first explicitly linked in a National Executive Council (NEC) submission, dated January 1992, seeking approval for the establishment of a special police unit to provide security at the major resource development projects in the Papua New Guinea highlands. The submission, which was approved, proposed the establishment of a large base in Goroka (Ijape's own constituency) that would eventually accommodate 300 police officers. DSL was named as the security company that would train the new unit. It is likely that negotiations between Ijape and DSL commenced

some time in 1991. Ijape had, in fact, unsuccessfully argued for the setting up of a police 'elite tactical force' in 1991—a proposal bearing the distinctive hallmark of DSL. In February 1992, Morrison visited Port Moresby at the Minister's invitation to discuss the RDU scheme. DSL opened a branch office in Port Moresby headed by its country manager, Peter Codyre.

Despite intensive lobbying by DSL, Ijape, and his successor as Police minister, Avusi Tanao, lack of funds and a change of government in June 1992 effectively scuttled DSL's involvement with the RDU scheme. The new Wingti administration opposed the RDU concept on the grounds that it provided privileged policing services to the mining industry. In 1993 another proposal emerged, more in tune with Wingti's internal security priorities. The proposal entailed the setting up of a Police Tactical Force (PTF). The PTF was remarkably similar in concept and design to the elite tactical force previously advocated by Ijape in 1991. DSL was active in its formulation, promotion and proposed implementation.

It is not exactly clear how DSL first became involved in Papua New Guinea, whether DSL approached government officials or the other way around. It may have been through informal contacts with other members of the military consultancy industry, as in the later case of Sandline. Prior to DSL's involvement there had been contact between Papua New Guinea officials and a number of international security companies in connection with the short-lived National Guard initiative during the Namaliu administration. Contact could also have been established through the mining industry, with which DSL had extensive international experience.

According to its own promotional material at that time, DSL offered a range of security services to governments, international agencies and corporate clients. It was established in the UK in 1981 by a group of ex-SAS officers and London financiers and was a member of the Hambros international banking and financial group. In 1992 it had operating companies in Singapore, Dubai, Columbia and the USA, and branches in Bahrain, Indonesia, Central and Southern Africa, and Papua New Guinea. Among the services it offered, were: threat analysis; military training and equipment; security of strategic and commercial installations, such as embassies, power plants, oilfields, railway lines, mines, factories and agricultural estates. In addition to training local security services, DSL has been involved in providing highly trained security personnel and fast-reaction units,

including ex-Ghurkha soldiers (*South China Morning Post* 9 September 1992). Corporate clients in the mining and petroleum industry have included: Endiama (Angolan State Diamond Corporation); Cambior Mining; De Beers (Zaire); BP Exploration (Columbia); Chevron Oil (Angola); and Texaco. More recently, DSL has extended its operations from frontline security to what it calls post-conflict reconstruction (PCR), working with NGOs and UN agencies (ABC Radio National, Background Briefing, 15 June 1997).

Despite its claims to respectability and its current reincarnation as a practitioner of virtuous post-conflict resolution, the UN Special Rapporteur recently named DSL as one of a number of security organisations providing ‘mercenary’ services (UN Commission on Human Rights, 20 February 1997:para 39). The company deliberately used its military background and expertise to sell the concept of the Police Tactical Force to the Wingti government. Its promotional material asserted that

The benefit of engaging DSL consultants in the formation and training of PTF type units is that the client is buying the United Kingdom Police/Army model—which is a proven, tried and regularly tested set of concepts and responses to violent crime and terrorism. DSL instructors bring with them operational experience that has been gained in counter-terrorist operations since 1972 in the UK and in all subsequent major incidents (DSL:1).

In May 1993 DSL organized a ministerial and senior police delegation from Papua New Guinea to visit special police tactical units in Singapore, Malaysia and Indonesia - units with which DSL had been associated. Upon their return, a formal NEC submission was prepared. The role of the proposed unit was to

- (a) provide an armed Quick Reaction Force to incidents involving dangerous and armed criminals
- (b) provide armed hostage rescue and assault operations in criminal hostage/barricade situations
- (c) conduct armed raids on known/suspected armed criminal locations
- (d) conduct surveillance operations to gain intelligence
- (e) provide close protection for VIP’s
- (f) to enforce the new Internal Security legislation.

The DSL proposal envisaged a total contract period of two years divided into four training stages administered by a team of six DSL

instructors. The cost of the project was estimated in 1993 at K10,575,000. Despite support from key members of the Wingti government, and agreement, in principle, from the NEC, no government funds were ever forthcoming.

In the event, the DSL proposal was rapidly overtaken by the onset of the serious fiscal crisis of the Papua New Guinea state in 1994. Despite all their efforts, DSL appear to have officially withdrawn from the country after the Wingti government was replaced by that of Sir Julius Chan in September 1994. Useful experience and knowledge of Papua New Guinea had nevertheless been gained, as had contacts with key political players. These contacts, as we have seen, were to be reactivated in 1996. It was the approach made by Defence Minister Ijape to his former associate Mr Morrison in March 1996 that heralded the beginnings of what was to become the Sandline affair.

Conclusions

While clearly the most spectacular and disruptive instance of private military involvement in Papua New Guinea, the disastrous foray by Sandline and Executive Outcomes was not the first. Nor will it necessarily be the last. The Papua New Guinea environment, with its substantial mineral wealth, problems of order, and incapacitated state security services, provides text book conditions for the new breed of corporate warriors discussed above. What is clear, however, is that no such intervention can succeed without the acquiescence of domestic actors. Military or corporate might are not enough *per se*. The eviction of the world's largest private military company by a spontaneous alliance between one of the region's weakest defence forces and assorted bits of Papua New Guinea's embryonic civil society makes this particular prerequisite clear. As alluded to by Saovana-Spriggs in this collection, the success of Executive Outcomes in sub-Saharan Africa is integrally related to the relatively high levels of local support for its interventions.

While Spicer and his comrades lick their wounds in London and Pretoria, the companies they represent are unlikely to disappear. No doubt important lessons have been learnt, not least that Papua New Guinea is not Sierra Leone. The evolution of these companies indicates their capacity to learn and adapt. Problems of order and the limited impact of state controls in Papua New Guinea will continue to provide

lucrative openings. The previous engagement of DSL—a company whose profile is not that different to Executive Outcomes—aroused little public opposition. It is in the area of general security and policing, rather than Bougainville and the military, that future engagements are likely to occur.

10

Political siege in Papua New Guinea and the role of the military in Melanesia

Tarcisius Tara Kabutaulaka

Papua New Guinea has again attracted international scrutiny. This time, more than ever before in Papua New Guinea, the events surrounding Sir Julius Chan's controversial decision to hire Sandline International and their sub-contractors, Executive Outcomes, have demonstrated the precarious balance of power between the elected government and the military. The events have also illustrated the state's lack of capacity to impose uniform rules and policies, and to construct and maintain state agencies, and have underlined its fragile relationship with the civil society.

In March 1997, as a few streets of Port Moresby lapsed into chaos for two days, and the scenes were flashed into living rooms and offices in Australia, the Pacific islands and the rest of the world, many knew that the rioting and looting were symptoms of something bigger—a political system under siege, a state undermined by both its military and civil society as well as its own failures. While ousted Brigadier General Jerry Singirok, MBE, the man whose public statements sparked the political downfall of Sir Julius and his two ministers, denied he was promoting a *de facto* coup, it was obvious that he had set a precedent in the relationship between the state and the military that will have important future implications for Papua New Guinea.

A particular aspect of this robust political situation is the way in

which the civil society and the military teamed up to push Sir Julius aside. The scenes of people hoisting soldiers on their shoulders and chanting Singirok's name signify an interesting partnership, one which defied the elected government's decision to hire mercenaries in a quest to end the nine year old Bougainville secessionist conflict. This partnership, whose strength was shown on the streets of Port Moresby, has the potential to produce unpredictable consequences in the future, especially since in Papua New Guinea political situations and alliances are often fluid. But while Papua New Guinea's neighbours, particularly Australia and the Solomon Islands, watched with anxiety, Papua New Guineans proved they could bring an elected government to its knees without the kind of civil and military upheavals often associated with military or popular discontent in Africa, Asia, Latin America and Eastern Europe.

However, what happened in Port Moresby was not just about Sir Julius Chan signing a \$US36 million dollar contract for mercenaries to try to flush out the Bougainville Revolutionary Army (BRA) hardcore and bring an end to the Bougainville crisis. But also it was a manifestation of the increasing involvement of the security forces in politics, not only in Papua New Guinea but in the whole of Melanesia. The events demonstrated how, in a weak state like that found in most Melanesian countries, the military can easily become a political force confronting an elected civilian government. In the Papua New Guinea case, the military stepped in to lead the civil society in the absence of a strong civil society leadership. The politicization of the security forces is a significant trend in Melanesia in the last decade.

In 1971, writing on decolonization in *Oceania*, James W. Davidson, the prominent Pacific historian, made the assertion that the armed forces of the Pacific islands have not yet started to perform in the political arena. Implicit in Davidson's statement was the anticipation that one day the independent nations of Oceania would follow the footsteps of their African, Asian and Latin American predecessors in the increasing involvement of the military in domestic politics. In Melanesia, Davidson's implied prediction did not have to wait very long. Sixteen years later, in 1987, Fiji's military coups shattered the image of a Pacific Islands paradise, an image constructed by European explorers, traders, and later tourists in search of Rousseau's noble savage. And in October last year the Vanuatu Mobile Force, tired of the inefficiency and ineffectiveness of the government, abducted politicians in a typical Melanesian defiance of civil authority.

In 1997 it is Papua New Guinea's turn. The intriguing thing about Papua New Guinea, however, is that it has defied pessimistic predictions of much worse confrontations between the military and civil society, the military and the police force, and even within the military itself. Prophets of doom had predicted that Papua New Guinea would slide into chaos not long after independence. Such predictions emanated from a patronizing colonial view that Papua New Guinea was not yet ready for independence. That expected slide did not happen. Nevertheless, politicization of the military is imminent. Indeed there have been past incidents in which the military has influenced decisions of the government in Port Moresby. Aside from the PNGDF's unauthorized return to Bougainville Island in 1991, the best known example, prior to the events of the past month, was the February 1989 incident in which hundreds of soldiers who were dissatisfied with their pay increases defied their officers and took to the streets. Joined by unemployed youth with their own grievances, they marched on parliament, damaging vehicles and property and threatening people *en route*. In March 1997, however, it was not just ordinary soldiers who spearheaded events; it was the PNGDF Commander.

Such evidence of the military's escalating involvement in politics raises questions pertinent to our understanding of the situation in Papua New Guinea and the rest of Melanesia: what is the role of the military in Melanesia? Why is it that the state seems incapable of maintaining effective control over the military?

In Melanesia, as in the other Pacific island countries, military forces were established largely for the purposes of assisting the civilian authority in carrying out its domestic responsibilities. In Papua New Guinea, for example, the domestic functions of the Papua New Guinea Defence Force (PNGDF) as enshrined in the *Constitution* are: (a) the defence of Papua New Guinea, (b) the fulfilment of international or treaty obligations, (c) the provision of assistance to civil authorities in the circumstances of a state of emergency, and (d) the performance of services of a civic nature. Similarly, in Fiji, the pre-coup roles of the Royal Fiji Military Force (RFMF) were defined as: (a) to help the police and civil authorities restore and maintain law and order, (b) to contribute to the national development effort through active participation in civic action tasks; the training of youth, and resources protection, (c) to support the Government's foreign policy objectives with regard to international peacekeeping, (d) to provide a basis for

expansion in war or other emergencies, and (e) to train for war and homeland defence. It is conspicuous in nearly all cases that the use of the military for defence against an external threat was viewed as secondary because of the absence of external enemies. And despite the problems in West Papua this primary role of the PNGDF has not changed dramatically. The problems in West Papua have not, as yet, warranted a military confrontation between Papua New Guinea and Indonesia. The PNGDF's only international deployment since independence was in Vanuatu during the 1980 Santo Rebellion just prior to Vanuatu's independence. The Royal Fiji Military Force, however, has for decades had international assignments in various troubled zones of the world through UN peacekeeping missions and as part of the South Pacific Peacekeeping Force deployed on Bougainville in October 1994.

On the other hand, the Vanuatu Mobile Force's only international involvement was as part of the 1994 South Pacific Peacekeeping Force. The Solomon Islands case is slightly different. Although it does not have a conventional military force, Solomon Islands has steadily increased both the manpower and arms capabilities of its Police Field Force since the beginning of the Bougainville crisis. This force has been concentrated on the border with Bougainville. Military development in Solomon Islands was thus in response to a perceived external threat—at least, that is how the Solomon Islands government justifies the militarization of its police force.

In all these cases, the military's most important and influential tasks have been domestic. Consequently, this has led to an increasing military intervention in politics and the escalating militarization of society. In Fiji, the post-coup period witnessed the ascendancy of Brigadier General Sitiveni Rabuka as prime minister as well as a large increase in military's manpower and budget. A former Lieutenant-Colonel in the pre-coup Royal Fiji Military Force, Jim Sanday, made the observation in 1991 that at one stage, military strength grew to more than 6,000 with a parallel increase in the military budget. In 1989 the military budget exceeded the budget for the country's health services.

The increasing role of the military in domestic affairs appears to be popularly accepted. In Papua New Guinea, the events of March 1997 seem to imply a widespread acceptance of the military, not only as an integral part of the state, but also as an institution linked to the civilian community that can become a strong opposition to the elected civilian

government. In Solomon Islands, Prime Minister Solomon Mamaloni, while commenting on the spillover effects of the Bougainville crisis in his July 1996 independence anniversary speech, stated that the government had shifted its eyes 'towards national security with the effect of militarising Solomon Islands economy'. Also, there is an increasing acceptance within the society of the need for the military, particularly in the Western and Choiseul provinces who share the border with Bougainville.

This discussion leads to the consideration of the second question: why is the military increasingly involved in domestic politics, and why is it that the state seems incapable of maintaining effective control of the military?

In the recent Papua New Guinea furore, members of the PNGDF argued that what they did was to defend the national interest of Papua New Guinea, a national interest which politicians had abandoned for personal gain. They called for the investigation of two ministers and the prime minister, not the removal of the government. Brigadier General Singirok, in an address to the nation on 17 March, 1997, stated that he did not initially question the government's motives.

As a professional military officer I have kept quiet and followed orders from this government as I would for any serving government of the day without questioning their orders and directives. And this included the Sandline International project which has brought into question the issues of sovereignty and the credibility of the PNG Defence Force and our own professionalism which the government has greatly undermined.

I cannot remain silent for long as there have been many false and misleading statements both by the Prime Minister, his Deputy and Defence Minister to the public about the engagement of Sandline and furthermore I have detected long term implications to the nation if we allow this government to continue to be engaged with Sandline International. Our own Defence Force's credibility has been seriously undermined while the expected backlash as a result of any major military operations on Bougainville which will for ever remain with us for many years.

This, according to Singirok, was a situation which justified the intervention of the military in civilian politics. In other words, the military intervened in civilian politics because the elected government was ineffective and incompetent in its delivery of administrative services, as well as misrepresenting the interests of the nation. However similar reasons are usually given by soldiers executing a

full-blown coup. In the October 1996 incident in Vanuatu where the Vanuatu Mobile Force abducted a number of politicians, similar arguments were advanced, particularly regarding the non-payment of Force members. The Fijian coups of 1987 are often explained as being caused by indigenous Fijian fears of an Indo-Fijian dominated government.

In the two major cases (Papua New Guinea and Fiji), there was a degree of cooperation between the military and civil society. In Fiji, the military launched its coup in *de facto* partnership with the Methodist Church and the Taukei movement. Although in this case civil society was fragmented along lines of race and policy, the fact remains that a significant faction of civil society did team with the Royal Fiji Military Force. In Port Moresby in March 1997, the military was in partnership with the Port Moresby general public, with strong church support, who disagreed with the plan to hire Sandline International mercenaries.

The increasing involvement of the military in the civilian politics of Melanesia demonstrates that where the state is fragmented and lacks power, there is a greater likelihood that certain institutions of the state, such as the military, will rebel against state authority. This is unlikely to happen in Tonga, for example, where the monarch displays tremendous authority and the state is relatively powerful in relation to its institutions (such as the military). Also, the Melanesian experience suggests that, in the absence of strong leadership from the state, civil society will tend to look for leadership elsewhere. However, such partnerships are unlikely to be permanent, fading when the specific purpose of the partnership has been dealt with.

I believe, however, that the current upsurge of military involvement in the politics of Melanesia does not necessarily indicate a chaotic future for Melanesian societies. Rather, the military will be relegated to back stage as the civil society develops and finds its own strong leadership. While I am not sympathetic to the increasing militarization of society, I think that the social problems evident in Melanesia (including militarization) are a consequence of poor governance (which has made militarization seem necessary) and the deficiencies of a system inherited from former colonial powers.

As the courts and Commission of Inquiry in Port Moresby deal with the issues highlighted in March 1997, let us hope for the sake of Bougainville that the paradoxes that then emerged will lead to realization of the truth, that, in the words of Singirok 'there is no

military solution to the Bougainville conflict'. Singirok should know; he is a Bougainville veteran who carries a scar as a result of being wounded in September 1994 while rescuing the body of a soldier killed at the Panguna mine site.

The events in Port Moresby in March 1997 indicate that from now on the most important battles for Bougainville will be fought in Port Moresby, in the towering chamber of the National Parliament, while the international community watches.

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National election: local decisions¹

Hank Nelson

Some Australian observers have looked to the June 1997 national election to resolve issues in Papua New Guinea. But a boisterous festival of loud hailers, trucks carrying how-to-vote slogans, and verbal and physical contests for control of the locked ballot boxes may not result in the people giving definite answers on fundamental issues about the hiring of mercenaries, the role of the army in civil affairs, and the future relationship of Bougainville to the rest of Papua New Guinea. Even those politicians who negotiated directly with the mercenaries and were involved in the diversion of public monies to pay them are unlikely to be judged by their electorates primarily on those actions. While the personal and regionally particular reasons why most members of parliament are elected (and more frequently not elected) have often been explored, the proximity of the 1997 crisis to the June general election has directed attention to the inability of a free national vote to determine national opinion on matters critical to the future of the country.²

In 1964 what were then the two Australian Territories of Papua and New Guinea held their first election with full adult franchise.³ Patrol officers and their carriers lugged the ballot boxes to all corners of the Territories, and for most people it was their introduction to the strange ritual of voting. Less than half of the people had voted in local

government elections, nearly 90 per cent of voters were illiterate in English, and over 75 per cent were illiterate in any language. Many, especially women, used the 'whisper vote': they nervously told the electoral officer the name of their preferred candidate.

Papua New Guinea held three general elections before independence in 1975, and another four had been held after independence and before the mercenary crisis. All post-independence elections have been on the scheduled five year interval: 1977, 1982, 1987 and 1992, and the planning for the 1997 election maintained that orderly pattern.

Australians and their Papua New Guinean successors have tried to make a system that is simple and fair. Voting is not compulsory, and since 1972 there have been no preferences. All electors have two votes, one for a member to represent a province and one for a member to represent a local or 'open' electorate. In the most populous of the nineteen provinces, such as Enga, Eastern Highlands, Western Highlands, Southern Highlands, Chimbu and Morobe, over 100,000 may choose to vote. In most open electorates 15–20,000 vote.

Compared to other countries without compulsory voting, Papua New Guineans have valued their right to vote. Over 80 per cent voted in 1992—a vastly greater proportion than those who choose to vote for the world's highest elected office, the American presidency. The educational standards of those elected has been rising.

Few other ex-colonial states can match Papua New Guinea's record of free, regular elections with high participation, and capacity to change governments (as in 1992). But there is almost no correlation between parties and voter choice, and between national issues and votes. Electors make their decisions on individual candidates, and rarely on national policies or party loyalties.

The electors have passed harsh judgement on their representatives. About half of the sitting candidates have been defeated at elections, and in 1992 that went up to 60 per cent. Voter disillusionment has been quick, and new candidates have been able to make shrewd assessments of where the sitting member drew significant blocks of votes, work to divide that vote, and secure significant support from some other part of the electorate for themselves. In these volatile circumstances the performance of the survivors from the 1960s—such as Sir Julius Chan, Sir Michael Somare and Sir Pita Lus—is all the more extraordinary.

In the 1972 election, the last election before the granting of self-

government and independence, parties seemed to be developing and they could be put along a left-to-right continuum: Pangu, People's Progress and United. What Australians thought to be a good and proper—even inevitable—development of parties did not continue. Parties are now more numerous, have little grassroots organisation, lax methods for preselecting candidates, slight power to discipline parliamentary members, and party policies do not reflect a coherent ideological stance. At any given moment any combination of parties is possible, and almost all individuals can leave one party and join another. This is maximum fluidity.

The numbers of candidates are an added complication. If it were a Melbourne Cup, candidates would have been balloted out in several of the 1992 electorates: 48 stood in Sinasina-Yonggomugl, and the average number of candidates per electorate was fifteen. The vote was divided and subdivided to the point where a man might have the support only of his immediate family and those with specific obligations to him. Theoretically it was possible to get elected in Sinasina-Yonggomugl with less than 3 per cent of the vote. In the event, Kerenga Ben Okoro won with 6 per cent—1,532 votes—and another twenty contestants gained over 500 votes. Even in an average electorate with fifteen competitors, 20 per cent of the vote was likely to be a winning margin. In fact, 54 members were elected with less than 20 per cent of the vote—that is, just on half the 109 members in the House. Where 15,000 voted they polled less than 3000 votes. At the other end of the scale just five members won an absolute majority—over 50 per cent of the votes cast.

The trend of increased numbers of candidates continued in 1997. With a total of over 2300 candidates nominated, the average number of contestants in an electorate rose to twenty-one. The highlanders again demonstrated their electoral optimism and competitiveness with large fields of contestants. But the significant increase in total candidates in 1997 was a result of mass fields of contestants becoming almost universal. Only eleven electorates had less than ten candidates, and even Namatanai (just two candidates in 1992) had five men challenge Sir Julius Chan. Papuan electorates, strongly contested in 1992, attracted excessive fields so that Northern Province had the most candidates of any electorate (61), Kerema forty-four and Ijivitari forty. Only the New Guinea island provinces of Manus, New Ireland and East New Britain held down the national average, and even then fifteen stood for Manus Open and thirteen for New Ireland Provincial.

When asked why people would vote for them, candidates in 1992 said overwhelmingly that community and traditional reasons and a record of helping people would decide whether they would be elected. The six or so electorally significant parties knew this and tried to recruit likely winners before the election. In many electorates they wanted the man (no women won in 1992) who could command the vote of a leading family or clan line, had a reputation for speaking out on local issues, was from a group that was numerous in the cultural divisions within the electorate, could call on long standing alliances in the area—alliances going back to old and recent days of tribal fighting, ceremonial exchanges, and marriage settlements—or had built a reputation through one of the introduced institutions of church, government or business. But at the end of counting in 1992 there were more people (39) elected who said they were independents, than who claimed to belong to the biggest party, Pangu (20). The parties had to do their most vigorous recruiting after the elections. There were independents to be gathered and some winning candidates with nominal allegiance to one party were ready to change affiliation. It did not matter much what party identity or sympathy a candidate gave during the election because his electors had not been swayed by his party membership, or lack of it.

Parties have almost nothing to offer prospective members if they cannot get into power. This then is a raw system of spoils. Parties must make offers of rewards to gain recruits, and candidates themselves have to try to join winning parties and combinations of parties. Even if the candidate will not respond to offers of personal rewards in cash and kind, he will certainly want national decisions determined to the advantage of those few people who elected him. He wants schools, hospitals, roads, peace, and opportunities for his people to enter the cash economy. It was the hope that he would bring these benefits that persuaded people to elect him, and it is their realization in his home community that will determine his re-election.

By the 1997 elections the number of legally registered parties had increased to eighteen. In some electorates they seemed to be particularly active. For example, in the Southern Highlands Provincial electorate the sitting member and governor, Dick Mune was supported by the People's Progress Party, Francis Awesa, a former premier, by the National Alliance, Korowa Pokeya by the Christian Democratic Party, and Yakopa Nalenge Nelson Waima by the Melanesian Labour Party. But other strong candidates, such as

Yauntine Koroba, another ex-premier, and Joe Keviamé, former national rugby league boss and provincial secretary, and seven more candidates were identified on the ballot paper as independents. Of the independents some may have had real or nominal support of parties. The People's Action Party, under the leadership of former deputy prime minister Ted Diro, claimed to have the support of over 180 candidates, many of them not formally endorsed. But even in the politically most sophisticated areas, such as East New Britain, all candidates chose to call themselves independents except two: Rabbie Namaliu, the speaker in the dissolved Parliament and sitting member for Kokopo, and Nakikus Konga, sitting member for Gazelle, both Pangu. Experienced politicians such as Sir John Kaputin, governor Francis Koimanrea, deputy governor and former premier Sinai Brown, and former member and premier Ereman Tobaining stood as independents. In many of the seats where forty or more candidates nominated only three or four acknowledged party allegiance.

The Parliament continued to attract candidates of high quality. James Melegepa, former secretary of the Department of Defence and hence in a central administrative post during the decisions to hire, pay, reject and enquire into the mercenaries, resigned to become one of forty-six contesting the Unggai-Bena seat in the Eastern Highlands. Those sections of the public service where officers are relatively well educated and hold positions of leadership across the country lost heavily to political ambition: forty-five policemen (thirty in the highlands) and 117 teachers resigned to stand for election. In some electorates the long list of candidates included the sitting member, previous members, former provincial politicians, and other eminent citizens living in or returning to the area. Elections are tests of the status, popularity and extent and coherence of the supporting group of those who have achieved significance in many fields—art, sport, the priesthood, and even as ex-vice-chancellor of the University of Papua New Guinea.

Where candidates or parties made explicit commitments in 1997 they were, as in previous elections, more likely to be general than specific. Seth Landine Daniels, independent candidate for Lae, in his advertisements in the national press called for the government to build more classrooms, teachers' houses and hospitals, extend health services to the rural areas, improve pay and conditions for workers, give equal opportunity to women, and spread the benefits of economic development to all people.⁴ All these would be the stated goals of over

2000 others looking for votes, and even Daniels's strong appeal to Christianity did not distinguish him from most other candidates. The actions of Sandline International and various Papua New Guinean politicians, public servants and army officers escaped specific comment. But in the campaign there was an increase in broad appeals for honesty in government and an end to *korapsen*—now a common word in *Tokpisin*. The Catholic bishops asked voters to resist angry words and threats of violence, and vote for the person they believed would serve the country with honesty and honour. The Catholic Commission for Justice, Peace and Development in its nationally distributed poster called on each voter to 'promise to use the power God has given to me to elect good leaders who can provide a good and caring government'.⁵ Sir Mekere Morauta, former central bank governor, claimed that he had not thought he would ever aspire to be a politician but had chosen to stand for Port Moresby North-West because 'Papua New Guinea is suffering from a disease—one caused and spread by a small band of rapacious politicians'.⁶ Later, in a speech at the University of Papua New Guinea, he condemned 'corruption or political criminality' and welcomed the campaign of Transparency International presided over by his former classmate at the University, Sir Anthony Siaguru. Transparency International with its slogan *Pasim Pasin Nogut* (end the destructive practices) aimed to commit candidates and bureaucrats to open, honest government—to stop money going straight into the pockets of the privileged. 'Transparency', its advocates argued, was *tok piksa*, a metaphor, and it meant that all people should be able to see government and business at work so that there were no secret deals and no abuse of public monies and public trust.⁷

From listener comments on radio and letters to the editor the general appeals for an end to corruption reach sympathetic voters, but during election people may well be more concerned about local than national issues: allegations of public servants replaced by others connected to a local member, vehicles bought with government money for particular communities and now crashed and abandoned, a bank clerk paid to shift money from a government to a private account, funds provided for one sub-district and not others.⁸ In these circumstances the national questions are subsumed by immediate concerns, leaving the local voters to determine the issue according to the advantage of their own group. That advantage for some will lie in continuing the present system; and whether the candidate of that

group wins is decided on the numerical strength and coherence of the group.

What is disturbing to many observers is that Papua New Guinea went into the 1997 elections with a weakened prime minister, increased public disillusion with elected politicians, and increased tensions between and within the police, the Papua New Guinea Defence Force and the politicians. The bureaucracy in Papua New Guinea requires firm direction from elected leaders. The holding of elections stretches the capacity of the administration to the extreme—just to complete the rolls, to distribute the ballot boxes and papers to all the voting points, and to ensure that all the regulations are observed by the numerous candidates is demanding. To see that the election is conducted without intimidation, corruption or riot requires the close cooperation of the police, the army and the civil administration. So Papua New Guinea went into the increasingly difficult and hazardous process of holding an election with a reduced capacity to ensure that the election was efficiently and fairly conducted, and with a strong possibility that the election would not resolve fundamental national questions. The impact of many candidates, numerous, loosely disciplined parties, and a majority of independent candidates have long been recognized as having a profound impact on the legitimacy, stability and integrity of governments. What the events of 1997 have shown is that those same factors make it difficult for the nation to pass judgement at an election on matters fundamental to the nation.

Notes

- 1 A version of half of this article was published in the *Australian* 27 March 1997.
- 2 The results of each national election from 1964 have been documented in a series of volumes. The most recent lists the others in the bibliography: Yaw Saffu (ed.), *The 1992 Papua New Guinea Election Change and Continuity in Electoral Politics*, Political and Social Change Monograph 23 (Canberra: The Australian National University, 1996).
- 3 The two territories had a combined administration, and one formal name, the Territory of Papua and New Guinea, but the separate identities were maintained in other ways.
- 4 *Post-Courier* 25 April 1997.
- 5 A colour poster was included in the *Independent*.
- 6 *Independent* 18 April 1997.
- 7 From the Transparency International display advertisement, *Post-Courier* 7 May 1997.
- 8 All these allegations were made about the administration in the Southern Highlands, *Post-Courier* 7 May 1997.

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Note

The contents of the Appendices are reproduced in their original forms without editing on our part. All official documents were tabled at the Commission of Inquiry into the Sandline contract.

Appendix document 1
Project Contravene

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**PROJECT
CONTRAVENE**

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PROJECT CONTRAVENE

Part 1

Reference A: Meetings with Minister of Defence/Commander/Secretary Cairns/London April 1996

Reference B: Proposal dated 20th April 1996

Reference C: Meeting with Deputy Prime Minister in London October 1996

Reference D: Consultancy agreement dated 9th December 1996

Reference E: Lieutenant Colonel (Ret'd) T.S. Spicer OBE visit to PNG 2-13 December 1996

INTRODUCTION

1. Project Contravene is the report commissioned by the Government of the Independent State of Papua New Guinea (PNG) to examine the military options for the resolution of the Bougainville problem.
2. The Government commissioned Sandline to prepare this report under the terms of Reference C, and after considerable discussions in the period April - December 1996 (Ref. A/B/C). Sandline International provide a discreet military consultancy service to governments. A company profile is at Annex A.
3. This report was compiled by Lieutenant Colonel (Ret'd) T.S. Spicer OBE, after his visit to PNG at the request of the Government. During this visit the following were consulted:
 - a. Deputy Prime Minister - The Hon. Chris Haiveta MP
 - b. Defence Minister - The Hon. Mathias Ijape MP
 - c. Commander PNG Defence Forces - Brigadier General Jerry Singirok MBE
 - d. Secretary for Defence - Mr James Melegepa
 - e. Officer Commanding SFU - Major Gilbert Toropo
 - f. Intelligence Officer SFU - Lieutenant Siale Diro.

In addition to discussions, a two day reconnaissance to the operational theatre in Bougainville took place. A summary of Tim Spicer's CV is at Annex B.

4. CAVEAT

This report is based on information made available at the time. It has based assumptions on that information, which may, or may not have been complete.

AIMS

5. The aims of this report is to examine the military problem in Bougainville and provide military options for the resolution of the crisis.

BACKGROUND

6. The crisis in Bougainville is now entering its ninth year. The problem began over a dispute between Government and landowners regarding revenue from the Panguna Copper Mine, but has since developed into a revolutionary crisis relating to the secession of Bougainville from PNG to form an independent island, or possibly union with the Solomon Islands which support the Bougainville Revolutionary Army (BRA).
7. The two key issues are the defeat of the BRA and the re-opening of the mine.

IMPACT OF THE CRISIS ON PNG

8. The crisis has had a significant impact on PNG as follows:-
 - a. The crisis has cost the Government, in terms of expenditure and lost revenue from the mine, approximately US\$1 billion. (The Panguna mine employed 4000 people and provided 17% of the country's revenue). The last attempt to defeat the BRA - Operation High Speed II - cost K10 million, and had limited success.
 - b. In addition to the financial cost, there has been considerable human cost in terms of military and civilian lives lost.
 - c. The morale of the armed forces has been affected by their seeming inability to defeat a small, poorly armed, revolutionary army. This inability to resolve the conflict has also had a significant impact on the standing of the Government of PNG, both nationally

and internationally. It would be a very significant victory for whichever government was able to resolve this crisis.

- d. The view of the international community. The international standing of the Independent State of PNG has been significantly affected by the continuing crisis. This is exacerbated by newspaper articles such as the selection at Annex D.
- e. The seemingly insecure environment in PNG - a combination of Bougainville and law and order problems elsewhere - is discouraging a significant amount of foreign investment, that would otherwise be flowing into the country creating jobs, prosperity and additional revenue for the Government.

GOVERNMENT POLICY

- 9. The current stated government policy towards Bougainville is encapsulated in the "three R's" - Reconstitution, Rehabilitation and Restructuring.
- 10. This is a political statement which does not seem to take into account the implementation of this policy from a position of military strength. Nor does this policy translate well into a military mission statement.
- 11. Examples of successful military counter insurgency operations have two key ingredients:-
 - a. A joint civil/military policy which is totally integrated from top to bottom;
 - b. The implementation of this policy from a position of military strength.
- 12. The key ingredient in the Bougainville problem that is missing at present is a seamless statement of Government policy both civil and military that runs from the strategic to the tactical and is encapsulated in a military directive to the Bougainville force commander, in which he is told to create the conditions by way of a military operation, whereby the Government can defeat the rebels in order to implement the policy of Reconstitution, Rehabilitation and Restructuring.

13. Allied to this, is a fundamental weakness of the structure of the chain of command. There is no overall Bougainville military commander, nor does there appear to be an overall theatre intelligence co-ordinator at the operational level of command.
14. A suggested Joint Civil military structure for the Bougainville theatre is at Annex C. It should be stressed that this structure should have been implemented at the beginning of the insurgency. It is not too late to introduce it, but in the short time frame envisaged for the resolution of the problem, it will perhaps have more relevance for post campaign redevelopment and security than the actual defeat of the BRA.

REGIONAL ATTITUDES

15. PNG is potentially one of the world's richest countries per capita. If its mineral wealth (oil, gold, copper, timber etc.) is fully realised it could give the country the economic power to threaten Australia and dwarf all other economies in the region. If this wealth was combined with a well trained, effective and combat experienced military, then the country could become a very significant regional power.
16. It is possible, therefore that there is a deliberate policy on the part of Australia and New Zealand to prolong the Bougainville problem, either by omission or commission. Examples to support this are:-
 - a. Lack of direct Australian military assistance in Bougainville.
 - b. Caveat of financial/hardware support not to be used in Bougainville - e.g. helicopters.
 - c. Lack of political impetus to assist Government of PNG with resolving the issue, except through negotiations/peaceful means, which is not practical at this stage.
 - d. Prolonging the campaign drains the PNG economy, therefore slowing down economic development.
 - e. Allowing the BRA to have representative offices in Sydney.
 - f. Numbers of pro BRA/anti PNG articles in the Australian/New Zealand press.

- g. Little pressure on the Solomon Islands to stop active support for the BRA.
- h. It is also interesting to note that the UK has not taken a particular role in trying to bring about the resolution of this conflict particularly as all “players” are Commonwealth countries i.e. PNG, Solomon Island, Australia, New Zealand.

PUBLIC RELATIONS/INTERNAL/EXTERNAL

- 17. In all military operations, but in counter insurgency particularly, public relations (PR) is a critical element of Government policy.
- 18. It is felt that the Government of PNG is not winning the PR battle with regard to Bougainville. This is evidenced by the number of “anti” press articles that appear without any effective or pro-active counter from Government sources (see Annex D for examples).
- 19. A recent example concerns the alleged mortaring of a church in Bougainville. This story was reported in local papers, Australian and NZ papers, and in European/American papers, including “The Times” of London. These sort of articles concerning an emotive/controversial issue are potentially very damaging to the Government’s image at home/abroad, in view of the fact that Government statements were reactive rather than pro-active. A better way of handling this would have been to:-
 - a. Issue a pre-emptive statement to say that an incident had taken place involving certain casualties.
 - b. Follow it with regular updates stating the government/military position which should have been either:
 - 1) The target was legitimate in that the building was being used by enemy forces - or that local forces were indiscriminately using the church/civilians/children as a shield for military purposes.
 - 2) If the incident took place and was a mistake, then a statement to the effect that Government forces believed they were engaging a legitimate target, but made a mistake - these sort of things happen in war etc. or it was a genuine accident.

20. What should definitely not happen is that when articles appear - instigated by the enemy - there are only short unexplained denials from the defence forces - it looks very bad.

TIMEFRAME

21. The Bougainville crisis has been going on for 8 years and is about to enter the ninth. The cost in human and financial terms is massive, as is the impact on the standing of the country and successive governments, and the effect on foreign investment.
22. The kudos in political terms for whichever government resolves the crisis i.e. defeats the BRA, reopens the Panguna mine and begins the longer term process of reconciliation in Bougainville, is immense. It is the stated intention of this government to resolve the crisis before the next general election. Therefore the time frame is critical. Key timings are as follows:-
- a. Election: June 1997
 - b. Last Parliament: April 1997
 - c. Date by which problem to be resolved: 1 April 1997
 - d. Timeframe for military option: Jan to April 1997
23. IT IS CRITICAL THAT THE WAR COUNCIL MAKE A DECISION AS TO THE MILITARY OPTION THEY WISH TO ADOPT BY NO LATER THAN 12 JANUARY 1997. THIS ALSO MEANS A DECISION ON THE ALLOCATION OF FUNDS. IF THIS DECISION IS NOT MADE BY THAT DATE THE OPTIONS FOR A MILITARY SOLUTION DECREASE.

ENEMY/FRIENDLY FORCES

24. There are a number of key issues that relate to strengths and weaknesses of both enemy and friendly forces, that are critical to the speedy solution to this campaign. These will be addressed in detail in part two, but can be summarised as follows:
- a. Military psychological position on both sides
 - b. Tactics and deployment
 - c. Operational framework
 - d. Command structure

- e. External support
- f. Electronic warfare

SUMMARY

25. Part 1 of this project report has dealt with the general situation. The key points from this can be summarised as follows:-
- a. The impact of this crisis has had a significant negative political, economic and military impact on the country both domestically and internationally.
 - b. The cost both financial and human has been immense.
 - c. The policies of successive governments have not co-ordinated civil and military campaigns in Bougainville.
 - d. There may be a wider dimension to the conflict than has not been appreciated hitherto ie. not only external support from the Solomon Islands but possibly a prolonging of the conflict as a deliberate policy by Australia/NZ in order to slow down PNG's economic potential.
 - e. There is an imperative on this government to resolve the crisis before the election in June. Therefore time is of the essence.
 - f. There are a number of key military issues that need addressing before the conflict can be brought to an end.
 - g. The Panguna mine is central to the resolution of this problem.
26. Part 2 of the report will address the military solution in detail.

PROJECT CONTRAVENE

Part 2: Military Estimate

MISSION ANALYSIS

1. Intention of Superior Commander (ie. Government of PNG)

The intention is to resolve the Bougainville crisis before April in order to allow the government to inform Parliament and the country that the crisis is over before the General Election in June.

2. Freedoms and Constraints

Because of the sensitivity of the Bougainville situation both nationally and internationally, any military operation must be carried out with a precision that will completely disable the enemy and prevent him operating as a cohesive force, with the minimum collateral damage to the infrastructure and inhabitants of Bougainville, in order to make the military options acceptable to the Government and people of PNG, and to world opinion. Therefore, this implies:

- a. Speed.
- b. Cohesion of friendly force operations ie. a proper plan to find, fix and strike the key elements of the enemy force.
- c. Attacking the enemies centre of gravity - ie. their command structure, communications and external support.
- d. Winning the psychological battle.

In addition there is a very real need for secrecy prior to and during operations to maintain security and therefore the element of surprise - both from the enemy, from external powers such as Australia, and of course, the media and public.

A further constraint is that of time - this has to be achieved before the election in June but preferably before campaigning starts and before the last Parliament. Therefore the operation has to be complete by April.

Within the constraints outlined above the military commander can act with freedom of action but these constraints imply that the military imperative must be the ability to gather and confirm high-grade accurate and specific intelligence about the location, capacity and immediate intentions of the enemy force - particularly their commanders, radio sites and external connections, and match that intelligence with a strike plan, the key ingredients of which must be:

- a. Precision - accuracy of target location
- b. Cohesion - targets must be hit simultaneously in order to dislocate the enemy and allow friendly forces to gain the upper hand.

- c. Surprise.
- d. Speed.
- e. Mobility - this implies a helicopter force.
- f. Firepower.
- g. Security - this implies using SFU / and or external specialists.

3. Tasks

The tasks that the military commander has to undertake in order to bring about the defeat of the BRA are:-

- a. Confirm locations of: Francis Ona, Morris Tisaripi, Sam Karona, Ismael Totoama, Radio Free Bougainville transmitter, Enemy landing/re-supply sites on coast.
- b. Attack and destroy locations above - kill or capture commanders (preferable capture at least one to put on trial).
- c. Isolate BRA from Solomon Islands support.
- d. Develop "hearts and minds" campaign simultaneously with military action - maximum use of resistance fighters.
- e. Concentrate friendly forces for offensive operations - do not use in defensive role.
- f. Train up and deploy SFU as part of co-ordinated military civil and psy ops, op plan
- g. Retake and hold Panguna mine - this is the key element to the problem - the cause of it, the symbol of it and probably the end of the conflict.

4. Changes in the Tactical Situation

Currently there are none. Since the failure of OP HIGH SPEED II the campaign has stagnated. A very significant change in the situation could be brought about as follows:

- a. Change of command structure and employment of friendly forces.

- b. Deployment of SFU (once brought up to Special Force standards).
- c. Deployment of technological assets to generate an increase of combat power - of which the air situation is key.
- d. Employ EW assets.

FACTORS

5. Enemy Forces

- a. The enemy are concentrated in four areas:-
 - In an area north of Manetai Mission - this is thought not to be particularly significant to winning the campaign but will have to be addressed in subsequent operations. It will not be considered any further in this paper.
 - Enclave on the west coast known as the Kongara area, Unabato, Roremang, Korourira Mission. This area contains the largest concentration of enemy. It is significant because the key military commanders are within the area, and also this area is used for sea communications with the Solomon Islands.
 - The Panguna Mine area. This is key - it is the location of Francis Ona, close to it is the Radio Free Bougainville transmitter. It is also vital ground as it is the psychological centre of gravity of the campaign as well as the main physical asset.
 - The Buin area - south coast. Isolated pockets of enemy - significant because of the close proximity of the Solomon Islands.
- b. The enemy organisation is well known to Friendly Forces and is based on regional and village factions. The quality of training, experience, weapons and equipment vary. Key points are:-
 - Enemy strengths. In total, up to 1000 but the hard core fighters probably number 200-300.
 - They are difficult to distinguish - from local population - no uniforms and do not always carry weapons.

- Armed with a mix of small arms. No significant heavy weapons or air defence weapons.
- c. Enemy logistic support is either internal ie. from villages/ local population and self sufficiency or from the Solomon Islands. The Solomon Islands provide medical supplies, weapons and ammunition and are the conduit to the outside world.
- d. Local population - mixed feelings about the BRA. Some are strong supporters due to the cult status of Francis Ona, others are fed up with the war and are looking for a return to normality. There is potential to work on the waverers. The Resistance fighters should be made use of in this respect.
- e. Strengths/ Weaknesses. The enemy strengths are as follows:-
 - Difficult to pin own and identify.
 - Difficult to distinguish from local “innocent” population.
 - Internal lines of communication.
 - External support close at hand
 - Tying down friendly forces in static locations.
 - Good intelligence system.

Their weaknesses are:

- Easily fragmented and destroyed.
- Destruction of commanders would seriously effect ability to fight.
- Technological inferior.
- Air power would render them virtually incapable of operation.

6. GROUND

- a. The ground is extremely arduous for military operations. Thick, mountainous jungle, few roads, but numerous tracks which the enemy is able to ambush at will. Isolated villages are vulnerable to attack. Enemy command centres tend to be in impenetrable places.
- b. Vital ground is the Panguna mine. It is Francis Ona's base, the centre of gravity of the campaign and the key economic asset for the island (and possibly the whole country). The mine covers a vast area, and is therefore difficult to dominate (although it would be perfectly possible to seize and hold it. It is equally difficult for the enemy to hold it against an effective military assault. Access to the mine is via a paved road approximately 20-25 kms long. This road is vulnerable to blocking/ambush.
- c. The nature of the terrain (including the mine) make mobility and stealth key factors. In the development of military options a combination of covert, stealthy patrolling (i.e. Special Forces operations) preferably at night combined with rapid movement of forces will be critical. Helicopters, both troop lift and attack will be vital.

7. WEATHER

Weather is an all important factor in the campaign because:-

- Impact of heat/humidity on duration of ops.
- Cloud cover impact on air operations. Cloud cover usually in place from late morning until night. Therefore night flying on NVG is very important. However night/early morning operations suit Special Forces operations.

8. FRIENDLY FORCES

- a. Currently friendly forces consist of are reinforced infantry Battalion, Engineers, Police units local indigenous forces - the Resistance Fighters and a small boat unit.

- b. The infantry battalion is deployed in such a way that it is split up amongst a number of locations in primarily a security (or defensive role). This does not able the CO to concentrate his force to mount Battalion level offensive operations.
- c. The small boat units task is to support the Battalion and to interdict the sea routes to the Solomon Islands. None of the small boats seen were armed or equipped for this. This must be changed in order to maximise effect.
- d. The police units were not visited and the author is unable to comment.
- e. Engineers are involved with supporting the Battalion and on civil support projects.
- f. There is only one helicopter available - a leased unarmed civilian M1-17. The aircraft has a civilian crew (security vulnerability) and is constantly employed on logistic support for the Battalion. It is not available for offensive operations.
- g. There is no fixed wing air support.
- h. There is no theatre command structure acting as a campaign command and co-ordination headquarters or acting as an interface between the tactical level and the strategic. The commanding officer has to deal direct with Defence Headquarters.
- i. There are a number of additional friendly forces capability groups:-
 - Secure communications between Bougainville + Port Moresby
 - Night vision
 - Electronic warfare.

- j. The SFU are not used in the campaign. They should be, but are not yet ready for extended SF operations - see Annex E.
- k. The armed vehicles deployed have very limited use.
- l. The base at Loloho needs to be developed and made secure.

9. SECURITY

- a. In this operation security will be paramount. Friendly force intention must be kept secret from:
 - The enemy
 - The local population
 - External governments (This includes Australian advisors).
 - The media.
- b. Therefore operational preparation must have a thorough deception plan, to include the following elements:-
 - Upgrading and mission preparation of SFO - off island.
 - Preparation of infantry Battalion under guise of normal activity.
 - Purchase and arrival of additional air assets under strict conditions of secrecy.
 - Basing of air assets off island until ops commence or effective cover story for their deployment.
 - Strict need to know procedure enforced. Cover story prepared including public statement if leaks occur.
- c. It is perfectly possible to effect a military solution within the timeframe and with total security, by not changing the pattern of activity on Bougainville but this would involve using a combination of external forces + SFU together with high tech air and EW assets.

10. LOGISTICS/COST

- a. If the government wishes to resolve this crisis within the stated time frame, it must be prepared to provide the logistic support to national forces and to provide them with additional capabilities.
- b. The logistical bill will involve fuel, ammunition, rations and additional weapons equipment and troops for the duration of the operation - January - end March 1997.
- c. The government must be prepared to allocate funds for whichever option is chosen. In broad terms - it is estimated that this campaign could be resolved ie. the neutralisation of the BRA and the recapture of the mine for approximately US\$35 million. However, subsequent operations to hold the mine to allow the operators to get it working, to mop-up the remains of the BRA and to follow up with civil reconstruction would cost more. These subsequent costs would be paid by the Panguna mine operators and other foreign investors.

11. POLITICAL IMPLICATIONS

The government must consider the following:-

- The situation regarding the security force hostages held by the BRA. This point will not be discussed further in this paper but will be discussed as a separate issue with the Defence Minister.
- The necessity to make a quick decision and allocate funds.
- The preparation of an effective internal and external PR apparatus.
- Notification of friendly governments of success of campaign.
- Future relations with the Solomon Islands.

- Early discussion with Panguna mine owners and other foreign investors.
- An effective reconstruction/reconciliation civil package including negotiations with landowners, immediately following the military campaign
- Prepare a plan to deal with the environmental impact of reopening the Panguna mine.
- The regional position of strength that the government will be in because it has effectively resolved the crisis and has increased its military capability within the region in terms of quality, experience, structure and equipment of its armed forces.

ASSESSMENT OF TASKS

12. Whichever option is adopted there are a number of key military tasks which must be done, and require a certain number of troops to do them:-
13. These are as follows.
 - a. Conduct covert intelligence gathering operations: SFU - squadron Strength of 80 men + 20 Admin. support.
 - b. Conduct normal pattern of patrolling / defensive operations: 1 reinforced infantry battalion.
 - c. Guard friendly villages / provide scouts/trackers: Resistance force of up to 600 men.
 - d. Interdict BRA maritime supply routes: small boat unit.
 - e. Transport mil forces: minimum two large troop lift helicopter.
 - f. Provide EW/ELINT: 1 fixed wing aircraft.
 - g. Provide police support/assist with village protection: Mobile police unit - up to 300 men?
 - h. Provide engineers support to military operations: 1 engineer squadron.

- i. Provide fire support: 1 battery of light artillery or 2 attack helicopters.

OPTIONS

14. There are 4 options open to the Government of PNG.

15. OPTION 1

To maintain the military status quo and negotiate a political settlement with the BRA leadership.

a. Advantages

- Minimise military spending on campaign.
- Good for some elements of public opinion.
- No external criticism - keeps Australia + other regional powers happy.

b. Disadvantages

- Negotiating from a position of weakness
- May have to give away sovereign territory.
- Lost of revenue
- Unpopular with some elements of public opinion.
- Unpopular with military - loss of morale etc.
- Loss of government prestige - known as the government who gave away Bougainville.

c. PNG capability/capability gap

Not really relevant to this option as things would not change militarily.

d. Political impact

Negotiations would take some time - the government would have to face the election and could lose before settlement concluded.

e. PR Impact

Hard to gauge but on balance probably negative - no one like what appears to be capitulation after an extended military campaign in which hundreds of lives have been lost.

f. Cost

Very little incremental cost in the term except cost of continuing current level of military activity during negotiation. Subsequently, there will be the cost of any "deal" with the BRA, and the continued loss of mining revenue.

16. OPTION 2

To continue to pursue a military solution (in order to allow a political settlement) by means of an overt military campaign but using a revitalised command structure:-

a. Advantages

- Continue to pursue military option, if successful allows government to impose a solution from a position of strengths.
- Improves military structure and effectiveness.
- Additional costs kept to minimum.
- No significant impact on Australia etc.

b. Disadvantages

- Not possible in timeframe before elections.
- May not succeed at all due to PNG military capability caps.
- SFU not yet fully trained as special Forces.

c. Increased capabilities required

- Set up theatre command headquarters (the operational level) to interface between Command in Poin (strategic level) and the ground commanders (the technical level). This should be in BUKA and co-ordinate all military / civil actions. It should be commanded by at least a full Colonel who should also have a senior intelligence co-ordinator from the NIO to assist him, together with a full staff.
- Increased helicopter lift capability to a minimum of 2 x M1-17 which are military aircraft. Maintain fixed wing military aircraft in support (1 x CASA)
- Increased maritime interdiction capability by upgrading and arming small boat unit speed boats and landing craft.
- Consider deploying SFU to assist.

d. Technical requirement

- SF training
- Night vision equipment
- Secure communications
- Air capability including NVG
- Weapons, ancillaries and communication for boats.

e. Political Impact

This option would not help win the elections, as it is probably not possible to achieve in the short term.

f. PR Implications

Could attract criticism of “more of the same” in a climate where people are thoroughly fed up with the crisis and continuing military initiatives.

g. Cost

The estimated cost of this option would be in the region of US\$20 million.

17. OPTION 3

Conduct a high speed covert military operation to conclude the crisis in the required timeframe.

a. Advantages

- Quick resolution to the crisis
- Drastically improves Government standing nationally and internationally
- Application of combination of technology and Special Force techniques to produce Surprise/Shock action - minimises casualties on both sides.
- Increases morale and standing of armed forces
- Military seem to be capable of effective action, thus giving confidence to foreign investors
- Precise and surgical application of combat power, not only minimises collateral damage but discourages potential enemies such as Solomon islands.
- Cost effective
- Good PR - to solve the problem quickly with minimal casualties.
- Maximise chance of capturing ringleaders
- May create conditions for hostage rescue

b. Disadvantages

- Initial outlay of expense

- To make this option work some technical assistance will have to be given to PG armed forces. They are currently unable to carry out this option: See below.

c. PNG Capability/Capability Gap

Currently PNG forces are not able to do this on their own. They need to improve their capability as follows:-

- Raise training standards of SFU
- Acquire gunships/troop lift helicopters
- Acquire night vision capability including NVG
- Acquire EW/ELINT equipment/platform
- Be able to command and co-ordinate these assets in an effective way.

d. Political Impact

This will be excellent. It will demonstrate the Government to be effective, tough but clear thinking is the requirement to minimise casualties. It will certainly improve the chances of election victory. It will impress international opinion and warn potential enemies to be wary of taking on PNG and the armed forces. However these operations must be handled very carefully if they are not to backfire.

e. PR Impact

Again this will be very significant. This option must have an effective PR element throughout and afterwards, if the government is to maximise the effect and minimise counter PR by the BRA/Solomon Islands. A government spokesman must be trained and briefed from the outset.

f. Cost

The initial layout for this option will be expensive. However the benefits are:

- longer term financial gain - investment and mining revenue.
- Repayment of some costs from mine owners is possible
- Acquisition of significant force multipliers for government and armed forces
- Stability attracts future investment which in turn increased government revenue
- International financial support would be more forthcoming.

It is estimated that the cost of this option would be something in the region of US\$30 million.

18. OPTION 4

A variation of Option 3. A 'coup de main' operation to seize the Panguna mine without taking on any other BRA targets. This option would be get straight to the centre of gravity of the problem.

a. Advantages

- The quickest way to bring crisis to a close. The main advantage is speed.
- Would have the greatest element of Shock/Surprise
- Would be attractive to the mine owners.
- Would be attractive to the international community
- If successful would be an outstanding achievement for PNG forces
- Strong psychological blow to BRA

b. Disadvantages

- High risk - High Gain. The initial assault would not be too difficult but holding onto the mine and supply in forces positioned there might be tricky.

- Same costs as Option 3 in order to make it work
 - Might not necessarily lead to opening of mine in the short term.
- c. Political/PR Impact
- A per Option 3 - better if it works bad it fails or is not sustainable.
- d. PNG Capability Gap
- Same as Option 3, but in addition, an infantry Battalion would need to be flown into support the Coup de Mains as the ground holding force. they would need to fight hard to retain the mine if the enemy did not fragment as a result. In addition, follow up operations would be necessary to ensure the defeat of the BRA. Logistic support would be complex.
- e. Cost
- Approximately the same as Option 3.

RECOMMENDATIONS

19. After consideration of the options, the recommended course of action is a combination of Option 3 and 4 as follows:-
- a. Given the timeframe major changes in the command and friendly force deployment are not likely to have much effect and might give away the Governments intentions. However the Infantry Battalion should concentrate in the Loloho base area to prepare for ops. Village and KP protection should be handed over to Police/Resistance fighters (if they are trusted). The Battalion should become more of an effective strike forces, deploying on company/Battalion operations by helicopter/boat.
 - b. The Resistance fighters should be formalised into an indigenous force unit to defend villages. A small group of highly trusted individuals should be selected for specialist training to work with SFU. They should be taken off island (see below).

- c. The SFU should be taken away from Goldie and moved to a more suitable isolated location (away from Australian advisors). They should be given a one month special forces training course followed by a mission preparation package.
- d. Simultaneously the government should buy a number of helicopters - 2 gunships and a minimum of 2 MI-17 military transport helicopters. Together with a radio DF/intercept, thermal imaging, electronic intelligence package, and night vision equipment.
- e. This equipment to be brought to PNG as covertly as possible, assembled and prepared and then moved to a suitable operating base, (as yet to be identified). Possibilities are:-
 - Lolofo
 - Buka
 - Trobriand Islands
 - Nissan
 - Murua/Woodlark
 - New Britain
- f. Operations are then structured as follows:-
 - Phase 1: Train up SFU and small detachment of resistance fighters. Move technical equipment to theatre.
 - Phase 2: Mission preparation and intelligence gathering (ie. 'fixing' the enemy). Interdiction of sea routes to Solomon Islands. Jamming of Solomon's broadcasts.

- Phase 3: Striking against five key targets:
Francis Ona, Radio Free Bougainville, J Kaburi, Sam Karona, Morris Tsiaripi, Ismail Toraunu
- Phase 4: Force operations: Infantry Battalion, Engineers SFU and helicopter force to seize and hold Panguna mine.
- Phase 5: Mopping up of enemy
- Subsequent operation: Reconstruction etc. Opening of mine.

20. An outline time frame is:-

- | | | |
|----|-----------------|-------------------------------------|
| a. | 10 January 97: | latest decision point to Government |
| b. | Phase 1: | 10 Jan - 10 Feb 97 |
| c. | Phase 2 | 10 Feb - 28 Feb 97 |
| d. | Phase 3/4: | March 97 |
| e. | Phase 5: | End March - April 97 |
| f. | Subsequent ops: | April 97 onwards. |

CONCLUSION

21. It is imperative that this Government concludes the nine year crisis in Bougainville as soon as possible. The cost in lives and revenue is astronomical.
22. If this Government can achieve a significant result before the election in June, it will be able to demonstrate to the people of PNG and the world that it is strong, effective and magnanimous.
23. The benefits to PG will be very significant, including an increase in foreign investment and therefore revenue.
24. Much time has been lost and the timeframe is right, but given the right training and equipment this operation can be concluded in the timeframe.

Appendix document 2

**Letter from Peter M. Eka to Brigadier General
Jerry Singirok**

OFFICE OF THE SECRETARY
PH: 327 6713
FAX: 327 6696

Department of the Prime Minister
& National Executive Council
P.O. Box 639
WAIGANI
PAPUA NEW GUINEA

20 JANUARY 1997

Brigadier General Jerry Singirok MBE
Commander
Papua New Guinea Defence Force
Free Mail Bag
BOROKO
NCD

My dear Commander

SUBJECT: PNG RAPID REACTION FORCE

I write in reference of the above subject matter and wish to convey the direction of the Prime Minister on the same.

Firstly, let me convey to you the Prime Minister's expressed appreciation on the manner in which our security forces reacted to the most recent threats made on his personal safety. The Prime Minister was impressed with the security arrangement set up by our two security agencies during the time of his arrival from the Solomon Island on Tuesday 7 January 1997.

Secondly, the Prime Minister, having been made aware of the existence of the PNGDF Rapid Reaction Force has directed that this unit be formalised, strengthened and commanded by Police. For administrative convenience, he suggested that it be brought under the Department of Prime Minister and NEC. I am aware of previous Government direction on the establishment of a Protective Security Unit within this Department to respond to threats against VIPs.

I intend to put this matter on the NSAC agenda for discussion on the practicality of the concept. I have written to the Attorney General seeking his advice on the legal and or constitutional implications (if any) on the intention of the Prime Minister. In the meantime, while I await responses from the Attorney General, I would appreciate very much if you could provide your initial thoughts on the same. I have written to the Commissioner for Police requesting the same.

Please forward your comments to me as soon as possible.

Yours sincerely,

(signed)

Peter M. Eka OBE
ACTING SECRETARY

Appendix document 3

Papua New Guinea/Sandline International agreement

THIS AGREEMENT is made this day of January 1997 between the Independent State of Papua New Guinea (the State) of the one part and Sandline International (Sandline), whose UK representative office is 535 Kings Road, London SW10 0SZ, of the other part.

WHEREAS:

Sandline is a company specialising in rendering military and security services of an operational, training and support nature, particularly in situations of internal conflict and only for and on behalf of recognised Governments, in accord with international doctrines and in conformance with the Geneva Convention.

The State, engulfed in a state of conflict with the illegal and unrecognized Bougainville Revolutionary Army (BRA), requires such external military expertise to support its Armed Forces in the protection of its Sovereign territory and regain control over important national assets, specifically the Panguna mine. In particular, Sandline is contracted to provide personnel and related services and equipment to:

- train the State's Special Forces Unit (SFU) in tactical skills specific to the objective;
- gather intelligence to support effective deployment and operations;
- conduct offensive operations in Bougainville in conjunction with PNG defence forces to render the BRA militarily ineffective and repossess the Panguna mine; and
- provide follow-up operational support, to be further specified and agreed between the parties and is subject to separate service provision levels and fee negotiations.

IT IS THEREFORE AGREED AS FOLLOWS:

The State hereby agrees to contract and utilise and employ the services of Sandline to provide all required and necessary services as are more particularly described hereafter.

1. Duration and Continuation

- 1.1 The duration of this contract shall be effective from the date of receipt of the initial payment; as defined in paragraph 5.2 below, for a maximum initial period of three calendar months (the initial contract period) or achievement of the primary objective, being the rendering of the BRA militarily ineffective, whichever is earlier. The State shall have the option of renewing this agreement either in part or in whole for further periods as may be required.
- 1.2 Notice of renewal, termination or proposed variation of this agreement is to be served on Sandline in writing by the State at least 45 days before the expiry of the current period. Non-communication by the State shall be regarded by Sandline as automatic renewal of the relevant parts of this agreement for a further three month period on the same terms as this precedent shall continue to apply thereafter.

2. Service Provision

- 2.1 Sandline shall provide the following manpower, equipment and services:
- (a) A 16 man Command, Admin and Training Team (CATT), to deploy in PNG and establish home bases at Jackson Airport and the Jungle Training Centre at Wewac within one week of commencement of this agreement, which is deemed to be the date on which the initial payment relating hereto in accordance with paragraph 5.2 below is deposited free and clear in Sandline's nominated bank account. The role of the CATT is to (i) establish links with PNG defence forces, (ii) develop the requisite logistics and communications infrastructure, (iii) secure and prepare facilities for the arrival of the contracted equipment, including air assets, (iv) initiate intelligence gathering operations, and (v) commence SFU training.
 - (b) Further Special Forces personnel which will deploy to PNG within 10 days of the arrival of the CATT, together with helicopter and fixed wing aircrew and engineers, intelligence and equipment operatives, mission operators,

ground tech and medical support personnel. This force will absorb the CATT as part of its number, therefore bringing the total Strike Force headcount to 70. This Strike Force shall be responsible for achieving the primary objective as specified in paragraph 1.1 of this agreement and the full complement will remain in country for the initial contract period as defined in the said paragraph.

Note: at no time will Sandline personnel enter the sovereign territory of another nation nor will they breach the laws and rules of engagement relating to armed conflict. Once the operation has been successfully concluded, Sandline personnel will be available to assist with the ongoing training, skills enhancement and equipping of the PNG defence forces.

- (c) Weapons, ammunition and equipment, including helicopters and aircraft (serviceable for up to 50 hours flying time per machine per month), and electronic warfare equipment and communications systems, all as specified or equivalent to the items listed in Schedule 1. Upon termination of a contractual relationship between the State and Sandline and once all payments have been received and Sandline has withdrawn from theatre any remaining stock of equipment shall be handed over and become the property of the State. Selected Sandline personnel will remain in country to maintain and supplement such equipment subject to a separate agreement relating thereto.

Note: delivery into theatre of the contracted equipment shall be via air into Jackson Airport or such other facility as may be considered appropriate. The equipment will be delivered in full working order in accordance with manufacturers' specifications. After its delivery, any equipment lost, damaged or destroyed during Sandline's deployment shall be immediately replaced at the cost of the State.

- (d) Personal kit, including US pattern jungle fatigues, boots and webbing, for Sandline personnel.

- (e) All international transport arrangements for the shipment in/out of equipment and deployment in country of Sandline personnel but not for the movement of such equipment and personnel within the country if this needs to be achieved by way of commercial service providers.
- (f) The provision of medical personnel to treat any Sandline casualties and their evacuation if necessary.
- (g) A Project Co-ordinator who, together with the Strike Force Commander and his Senior Intelligence Officer, shall maintain liaison with and provide strategic and operational briefings and advice to the Prime Minister, Defence Minister, NEC, NSC, the commander of the PNG defence forces and his delegated officers as may from time-to-time be required or requested.

2.2 Sandline shall ensure the enrolment of all personnel involved in this contract as Special Constables and that they carry appropriate ID cards in order to legally undertake their assigned roles.

3. Responsibilities of Sandline

3.1 Sandline will train the SFU in tactical skills specific to the objective, such as live fire contact, ambush techniques and raiding drills, gather intelligence to support effective deployment and plan, direct, participate in and conduct such ground, air and sea operations which are required to achieve the primary objective.

3.2 Both parties hereto recognise and agree that the force capability to respond to all emergency and hostile situations will be constrained by the manpower and equipment level provided within the terms of this agreement. The achievement of the primary objective cannot be deemed to be a performance measure for the sake of this agreement if it can be demonstrated that for valid reasons it cannot be achieved within the given timescales and with the level of contracted resources provided.

3.3 Sandline shall supply all the personnel and maintain all services and equipment as specified in paragraph 2.1 above to the appropriate standards of proficiency and operational levels as is generally expected from a high calibre, professional armed force.

- 3.4 Sandline shall further provide a project co-ordinator to act as a liaison officer between the company's management and the nominated representatives of the State. This individual will convene and attend regular meetings at such venues as he may be so directed.
- 3.5 Sandline shall be responsible for any expense resulting from the loss or injury of any of its personnel for the duration of the agreement unless same is caused by the negligence of the State, its personnel or agents in which case all such costs will be fairly claimed against the State by Sandline and promptly paid for the benefit of the persons involved.
- 3.6 Sandline will ensure that the contents of this agreement shall remain strictly confidential and will not be disclosed to any third party. Sandline will not acknowledge the existence of this contract prior to the State issuing notifications in accordance with paragraph 4.11 below and will not take credit for any successful action unless this is mutually agreed by the parties. Furthermore, Sandline and its personnel are well versed in the requirement to maintain absolute secrecy with regard to all aspects of its activities in order to guard against compromising operations and will apply the necessary safeguards.

4. Responsibilities of the State

- 4.1 Immediately on signing this agreement the State automatically grants to Sandline and its personnel all approvals, permissions, authorisations, licences and permits to carry arms, conduct its operations and meet its contractual obligations without hindrance, including issuing instructions to PNG defence forces personnel to co-operate fully with Sandline commanders and their nominated representatives. All officers and personnel of Sandline assigned to this contract shall be enrolled as Special Constables, but hold military ranks commensurate with those they hold within the Sandline command structure and shall be entitled to give orders to junior ranks as may be necessary for the execution of their duties and responsibilities.
- 4.2 The State will ensure that full co-operation is provided from within its organisation and that of the PNG defence forces. The Commanders of the PNG defence forces and Sandline shall form

a joint liaison and planning team for the duration of this agreement. The operational deployment of Sandline personnel and equipment is to be jointly determined by the Commander, PNG defence forces and Sandline's commander, taking account of their assessment of the risk and value thereof.

- 4.3 The State recognises that Sandline's commanders will have such powers as are required to efficiently and effectively undertake their given roles, including but not limited to the powers to engage and fight hostile forces, repel attacks therefrom, arrest any persons suspected of undertaking or conspiring to undertake a harmful act, secure Sovereign assets and territory, defend the general population from any threat, and proactively protect their own and State Forces from any form of aggression or threat. The State agrees to indemnify Sandline for the legitimate actions of the company's and its associates' personnel as specified herein and to assume any claims brought against the company arising out of this agreement.
- 4.4 The State shall pay or shall cause to be paid the fees and expenses relating to this agreement as set out in paragraph 5.1 below. Such fees and expenses to be paid as further specified in paragraph 5.2, without deduction of any taxes, charges or fees, and eligible to be freely exported from PNG. All payments to be made in US Dollars.
- 4.5 The State shall cause all importation of equipment and the provision of services to be free to Sandline (and any of its sister or associated companies as notified to the authorities) of any local, regional or national taxes, withholding taxes, duties, fees, surcharges, storage charges and clearance expenses howsoever levied and shall allow such equipment to be processed through Customs without delay. Further, all Sandline personnel will be furnished with the necessary multiple entry visas without passport stamps and authorisations to enter and leave the country free from hindrance at any time and shall be exempt from tax of any form on their remuneration from Sandline.
- 4.6 The State will promptly supply at no cost to Sandline and its sister and associated companies all End User Certificates and related documentation to facilitate the legitimate procurement and export of the specified equipment from countries of origin.

- 4.7 The State will provide suitable accommodation for all Sandline personnel together with all related amenities, support staff to undertake roles such as messengers and household duties, secure hangerage and storage facilities for equipment, qualified tradesmen and workmen to clear and prepare operating sites, all aviation and ground equipment fuel and lubricant needs, such vehicles and personnel carriers as reasonably specified for the field and for staff use, foodstuffs and combat rations, fresh drinking water, and sanitary and other relevant services and ancillary equipment as Sandline may specify from time-to-time to undertake its activities without hindrance.
- 4.8 If any service, resource or equipment to be supplied by the State in accordance with paragraph 4.7 above is not forthcoming then Sandline will have the right to submit an additional invoice for the procurement and supply thereof and may curtail or reduce operations affected by its non-availability until payment has been made and the said equipment is in position.
- 4.9 The State agrees and undertakes that, during the period of this agreement and for a period of 12 months following the date of its expiration, it will not directly or indirectly offer employment to or employ any of the personnel provided hereunder or otherwise in the employ of Sandline and its associates. Any such employment will be construed as a continuation of the contract for the employees concerned and Sandline shall be entitled to be paid accordingly on a pro-rata basis.
- 4.10 The State and the PNG defence forces will ensure that information relating to planned operations, deployments and associated activities is restricted to only those personnel who have an essential need to be briefed in. Appropriate steps will be taken to prevent press reporting, both nationally and internationally, or any form of security breach or passage of information which may potentially threaten operational effectiveness and/or risk the lives of the persons involved. Sandline's commanders have the right to curtail any or all planned operations which they determine are compromised as a result of a failure in security.
- 4.11 If deemed necessary due to external interest, the State shall be responsible for notifying and updating the International Community, including the United Nations and representatives of

other Governments, at the appropriate time of the nature of this contract and the underlying intent to protect and keep safe from harm Papua New Guinea's Sovereign territory, its population, mineral assets and investing community. The content and timing of all such formal communications will be discussed and agreed with Sandline before release.

5 Fees and Payments

- 5.1 Sandline's inclusive fee for the provision of the personnel and services as specified in paragraph 2.1 above and also in Schedule 1 attached for the initial contract period is USD36,000,000 (thirty six million US Dollars).
- 5.2 Payment terms are as follows. All payments to be by way of cash funds, either in the form of electronic bank transfers or certified banker's cheques:
- On contract signing 50% of the overall fee, totalling USD18,000,000 is immediately due and is deemed the "initial payment".
 - Within 30 days of deploying the CATT, the balance of USD18,000,000.
- 5.3 This contract is deemed to be enacted once the initial payment is received in full with value into such bank account as Sandline may nominate therefor. Payments are recognised as being received when they are credited as cleared funds in our account and payment receipt relies on this definition.
- 5.4 All fees for services rendered shall be paid in advance of the period to which they relate. Sandline reserves the right to withdraw from theatre in the event of non-payment of fees for any renewal to the original contract period.
- 5.5 The financial impact of variations, additions or changes to the personnel provision and equipment supply specified herein will be agreed between the parties and any incremental payment will be made to Sandline before such change is deemed to take effect. There is no facility for rebate or refund in the event of a required reduction or early termination of service delivery within a given contracted period.

6. Applicable Law

- 6.1 In the event of any dispute or difference arising out of or in relation to this agreement the parties shall in the first instance make an effort to resolve it amicably, taking account of the sensitive nature of this arrangement.
- 6.2 The aggrieved party shall notify the other by sending a notice of dispute in writing and, where amicable settlement is not possible within 30 days thereafter, refer the matter to arbitration in conformity with the UNCITRAL rules applying thereto.
- 6.3 This agreement shall be construed and governed in accordance with the Laws of England and the language of communication between the parties shall be English.

7 Amendments and Supplements

- 7.1 This agreement may only be altered, modified or amended by the parties hereto provided that such alteration, modification or amendment is in writing and signed by both parties.
- 7.2 Schedule 1 ("Oyster" Costings) forms part of this agreement.

IN WITNESS WHEREOF the parties hereto have set their hands on the day and year first written above.

For the Independent State of Papua New Guinea:

Name: C.S. Haiveta signed

Witness

Name Vele Iamo

Occupation A/Deputy Secretary

For Sandline International:

Name: Tim Spicer OBE signed

Witness

Name J.N. Van Den Bergh

Name Occupation Consultant

Schedule 1

Contravene Costing

<u>Serial</u>	<u>Item</u>	<u>Quantity</u>	<u>Cost</u>
Helicopter/EW Package			
1.1	MI-24 helicopter	2	8,200
1.2	MI-17 helicopter	2	3,000
1.3	MI-24 ordnance	below	2,500
1.4	MI-17 ordnance	n/a	400
1.5	Night vision equipment	18	610
1.6	MI-24 aircrew	6	660
1.7	MI-17 aircrew	6	860
1.8	Surveillance platform (SP)	1	2,400
1.9	On-board systems	1	4,850
1.10	SP aircrew	4	280
1.11	Ground systems	1	600
1.12	Mission operators	5	480
1.13	Ground staff	6	270
1.14	EW trainers	inc	120
1.15	SP trainers	inc	120
1.16	Project co-ordinator	1	inc
1.17	Personnel equipment	30	250
1.18	Personnel movement	pack	250
1.19	Insurances	inc	inc
1.20	Logistics support	client	client
1.21	Asset positioning	4	1,200
1.22	Spares - helicopters	pack	1,500
1.23	Spares - SP	pack	600
	<i>Total</i>		29,170
Special Forces Team			
2.1	Manpower (40 plus doctors)	42	4,500
2.2	Equipment	below	2,500
2.3	Positioning	pack	100
	<i>Total</i>		7,100
Communications Equipment			
3.1	HF radio system	1+15	400
3.2	Hardened tactical radio system	1+16	500
3.3	Satellite comms units	15	200
	<i>Total</i>		1,100
	Contract total		37,370
	Package price reduction		-1,370
	Contract fee to client		36,000

1.3	MI-24 ordnance	
1.3.1	57mm rocket launcher pods	6
1.3.2	57mm HE	1,000
1.3.3	23mm ball	20,000
1.3.4	23mm tracer	5,000
1.3.5	23mm links	12,500
2.2	SF Team Equipment	
2.2.1	AK-47	100
2.2.2	PKM	10
2.2.3	RPG-7	10
2.2.4	Makarov pistol	20
2.2.5	60mm mortar	10
2.2.6	82mm mortar	6
2.2.7	AGS-17	4
2.2.8	7.62x39	500,000
2.2.9	7.62x54	250,000
2.2.10	12.7mm ball	100,000
2.2.11	12.7mm tracer	25,000
2.2.12	PG-7	1,000
2.2.12	40mm grenade	2,000
2.2.13	Illumination flare	200
2.2.14	Smoke/frag grenade	800
2.2.15	AK-47 magazines	1,000
2.2.16	60mm HE	2,500
2.2.17	82mm HE	2,500
2.2.18	Ammo links	250,000
2.2.19	Personal kit and uniforms	100

Confidential

14/1/97

PNG HIRES MERCENARIES TO BLAST REBELS

By South Pacific correspondent Mary-Louise O'Callaghan

Papua New Guinea has hired foreign mercenaries to execute a series of covert military operations on Bougainville aimed at wiping out the rebel leadership and rescuing five PNG soldiers who have been held hostage by rebels since last September.

The move prompted the Prime Minister, Mr Howard, to telephone his PNG counterpart, Sir Julius Chan, on Thursday to raise specifically Australia's concerns about a return to a hardline military approach to the bloody nine-year secessionist conflict.

Senior PNG government officials confirmed that the Chan cabinet had approved the hiring of Sandlines International, a subsidiary of the UK-registered company, Executive Outcomes, to plan and execute a "surgical strike" targeting hardline rebel leaders in central Bougainville.

Between 135 and 150 foreign mercenaries are to take part in the operation. *The Weekend Australian* has independent confirmation that a group of foreign mercenaries drawn from Africa are already training secretly outside the provincial PNG town of Wewak.

Formed in 1993 by a former SAS officer, Mr Simon Mann and a British businessman, Mr Anthony Buckingham, Executive Outcomes is best known for its sophisticated military operations in Africa but is also believed to have ties with Malaysia and South Korea.

In the past two weeks two Russian military cargo aircraft, flying under the Air Sofia flag of Bulgaria but chartered by Sandlines, have been active between Port Moresby's Jackson airport and Wewak, from where the strike is expected to be launched.

On the same day as he spoke to Mr Howard Sir Julius refused to rule out publicly the possibility of an operation against the hardline Bougainville rebels. "There won't be a big sort of declaration of a war but we must never rule out the necessity of capturing some of these criminals that...have done a lot of the atrocities and a lot of the killings," Sir Julius said.

A spokesman for Mr Howard said yesterday that it was not government policy to reveal the details of a private conversation between two prime ministers.

Last night, on his departure from PNG, Mr Downer warned the PNG government not to be tempted by “quick fixes” which would undermine progress towards peace on Bougainville. “My view is that assaults on hardline rebels and any reversion to military solutions is simply going to be unsuccessful”, Mr Downer said. “... if that were to happen it would put back the peace process very substantially.”

A second operation involving the training and equipping of the PNGDF’s Special Forces unit is also being planned. This is believed to be in preparation for a rescue operation in South Bougainville where five PNGDF soldiers have been held by BRA militants since last September.

The PNG Government’s decision to hire foreign military advisers, equipment and troops comes despite recent positive developments on Bougainville. These have been strongly welcomed by Australia. Sir Julius told both Mr Howard and Mr Downer that his government had decided to fund some additional “training” for the PNG Defence Force who have been floundering in the face of the Bougainville Revolutionary Army’s guerilla warfare for almost eight years.

It was understood that funds for the operation, which run into millions of dollars are being drawn from a PNG government account known as the North Fly Highway Development Fund.

At a press conference on Thursday, Sir Julius said: “Physically, as well as militarily our personnel recruited into the military force must be almost reorientated and “psyched up” to the situation when we are supposed to defend the country.”

Sir Julius was not available for comment yesterday but was understood to have told Mr Howard that PNG had been left with little option after Australia had persistently refused to provide any logistical support or specific training for PNG troops on Bougainville.

**Financing the acquisition of CRA's interest in Bougainville
Copper Limited**

1st DRAFT AS AT 5 MARCH 1997—8.00 am

Copies in circulation:-

- \$ Deputy Prime Minister
- \$ Acting Secretary for Finance
- \$ Acting Deputy Secretary (FP&A)

INDEPENDENT STATE OF PAPUA NEW GUINEA

CONFIDENTIAL

DEPUTY PRIME MINISTER
AND MINISTER FOR

FINANCE

DATE: 5 March 1997

FILE NO:

POLICY SUBMISSION NO...../97

FOR MEMBERS OF THE NATIONAL EXECUTIVE COUNCIL

SUBJECT: FINANCING THE ACQUISITION OF CRA'S INTEREST
IN BOUGAINVILLE COPPER LIMITED

A. PURPOSE

1. The purpose of this Policy Submission is to seek the endorsement of the National Executive Council on the following issues:-
 - a. Approve a Letter of Mandate to be executed by the Deputy Prime Minister and the Minister for Finance to engage a reputable Broker to act as financial adviser to the State in its negotiations with CRA for the purchase of their shares in Bougainville Copper Limited (BCL);
 - b. Approve a Letter of Mandate to be executed by the Deputy Prime Minister and the Minister for Finance to engage a reputable independent legal firm to act as Legal Adviser to

the State in its negotiations with CRA for the purchase of their shares in BCL; and

- c. Endorse the Deputy Prime Minister and Minister for Finance's approval of the funding for Project "Oyster" to be treated as a loan from the state to North Fly Highway Development Company Pty Ltd (Roadco).

B. FACTS AND CONSIDERATION

2. Cabinet will recall that on 15 January 1997, NSC/NEC decision no:1/97 approved the implementation of a classified military operation to be undertaken on Bougainville against the Bougainville Revolutionary Army (BRS) command. The classified operation known as Project "OYSTER" is well under implementation.
3. Although information on "Oyster" cannot be disclosed in its fullest entirety due to its security classification at present; in brief, the project is undertaken by the PNG Defence Force (PNGDF) jointly with Sandline International of London to exert military options for the resolution of the Bougainville crisis using technology, strike capability, mobility and speed.
4. It is envisaged that a continuous pursuit of military pressure on the rebels will force them to re-negotiate with the National Government as their main source of support will have been impaired through military operations at a minimum cost. It is envisaged that Project "Oyster" will therefore provide the desired result to bring back normalcy to Bougainville and hence the reopening of the Panguna Mine.
5. In order to fund "Oyster" which was outside of the 1997 Budget, and to maintain the security of the classified military operation on Bougainville, which are conditions in line with decision no: 1/97, it was considered relevant to use the proceeds of the Oregon float, in particular, the portion of the funds relating to the purchase of the State's 15% interest in the Porgera Joint Venture as the source of funding. Alternatively, savings through expenditure cuts would need to be identified in the recurrent budgets of both the National and Provincial Governments to finance "Oyster", a decision that was undesirable at that stage.

6. Although it was initially decided that Mineral Resources Development Corporation (MRDC) would be the appropriate vehicle to finance "Oyster" by way of transfer of the necessary funding to the National Intelligence Organisation (NIO) under the auspices of its Act; after further consideration and review, it was deemed necessary to use Roadco instead of MRDC or NIO. The rationale being that MRDC would have great difficulties with its auditors in justifying the receipt of substantial funds belonging to the State without any valid reason; and second, the nature and classification of the project did not warrant any unauthorised persons (Mainly the non-State directors) to have excess to the full details of the project. The use of NIO on the other hand would mean that funding will be transferred through the normal budgetary system and therefore would show out automatically as a unbudgetted expenditure in the Waigani Public Account.
7. Roadco perfectly suited the requirements of decision no: 1/97 because currently as a non-trading company with its directors all civil servants within my Ministry and their directorship being part and partial of their duties would have the potential of maintaining confidentiality and secrecy of the planned operation. The articles and memorandum of Roadco further allows it to engage in any activities as nominated by its directors. Roadco would therefore address the issue of maintaining secrecy as well as catering for the issue of unbudgetted expenditure, if funds were transferred directly to it via the Bank of PNG.
8. At this point, it is worth clarifying the recent media statement on the position of Roadco in relation to the issue of deregistration. It is correct as reported that Roadco was deregistered in 1996 for non submission of annual returns for the period 1988-1996 to the Registrar of Companies. The delay in submitting these returns on time was due to the failure of Coopers & Lybrand acting as company secretary for Roadco. Although they were instructed some two years ago to update the statutory records, it was only in September 1996 that actual works commenced. The outstanding returns have all been finalised and are now ready to be tabled at the National Court before they are returned to the Registrar of Companies for consent and reinstatement of the company. All accounts from 1984-1994 have been audited by the Auditor General's Office (AGO).

9. It should also be noted that the delays the annual account of the company have been largely due to the half yearly accounts that had to be prepared as a requirement of its lenders when the company was trading. Since 1995 the accounts are now prepared on a yearly basis as all loans with its lenders have been fully extinguished. The 1996 accounts are now with the external auditors and subject to confirmation from lenders on any loan balances outstanding, it will then be submitted to the AGO for certification.
10. Gadens Ridgeway Lawyers acting for Roadco have been advised that they are confident that there is no major legal issues on transactions undertaken by Roadco in the normal conduct of its business deregistration. They will accordingly be making a submission to the National Court this week for the readmission of Roadco as a registered company.
11. The engagement of Sandline International will cost US\$36.0 million. So far, the State has made a down payment of US\$18.0 million equivalent or 50% through Roadco at the execution of the contract on 31 January 1997. The balance of another US\$18.0 million is payable 3 months thereafter.
12. The contract value of US\$36.0 million would be treated as an interest free loan from the State for Roadco to eventually acquire shares in Bougainville Copper Limited (BCL) once the Panguna mine has restarted. In exchange, Roadco would act in the meantime as a vehicle for which the Government's Bougainville initiatives would be coordinated and or financed. All costs relating to Project "Oyster" will be treated as sunk-costs in its books of account and it will have the first priority on all proceeds from the Panguna mine in future.

A copy of the Loan Agreement between the State and Roadco to this effect is attached for the reference of members.

13. Should Project "Oyster" realise its objective, this would pave way for the likely reopening of the Panguna mine. In view that CRA will or may not be too keen to re-enter Bougainville, and coupled with potentially excessive demands that they may place upon the State as a condition of their re-entry, plus the high likelihood of their non-acceptance by Bougainvilleans, a strategy will need to be in place as to how the State should deal with CRA prior to any reopening of the mine.

14. In light of the immense experiences now learnt from the Bougainville conflict, it would be in the State's best interest to purchase outright the entire shareholding of CRA in BCL if we are to approach the issue of reopening the Panguna mine with sensitivity, due consideration, caution, and care. Once BCL is fully nationalised as a 100% State-owned company, the State can then deal directly with Bougainvilleans on the most amicable terms acceptable to all key stakeholders concerned prior to any reopening of the mine.
15. Although it would be too early to focus on any specific conditions at this stage of concept development, the general approach for the State would or may be to focus upon our experiences learnt with the recent Oregon Minerals Limited float and the Kulim sale of New Britain Palm Oil Limited, especially in relation to our approach on the stakes and conditions reserved for the landowners, province, and the country in these deals.
16. Should this concept or approach be acceptable as a strategy, it would be in our interest to immediately engage the services of reputable advisers (both financial and legal) to assist the State in undertaking a due-diligence on BCL, prepare negotiation parameters and commence negotiations with CRA. The criteria for selection of reputable financial advisers should be based entirely on their recent experiences in PNG and in the case of legal advisers, the criteria be based on total independence without connections to CRA or any of its associates. Timing is a critical factor now in that Project "Oyster" is well within its implementation schedule and therefore the danger of being caught behind should the military objective is achieved.
17. Without pre-empting the views of Cabinet, I have commenced discussions with Jardine Flemings of Hongkong as financial advisors and Blakes Dawson & Wauldron Lawyers based on the above criterias. In the case of Jardine, they have been our financial advisors in the successful float of Oregon Minerals Limited. In addition, at a market capitalisation of up to USD(??)264 million (for BCL or Jardine???), to underwrite (???) up to 54 percent of of the market would equate between 50 - 150 million. In the case of Blakes, preliminary discussions tend to indicate that they have no affiliation with CRA or its associates and are therefore independent.

C. VIEWS OF OTHER MINISTERS

18. To be sought in Cabinet. The Prime Minister is fully aware of this proposal.

D. FINANCIAL IMPLICATIONS

19. The financing of the foreign cost of Project "Oyster" will have an immediate or short term effect on planned expenditure as it is not included in the 1997 Budget Appropriations. In contrast, the long term benefits of the proposed acquisition of shares in BCL by Roadco will far outweigh the short term costs incurred in financing "Oyster" once the Panguna mine is reopened and a steady income stream is generated as a result.
20. The kina cost of the project which is estimated at K6.5 million will however be financed through the PNGDF's Bougainville Operations Vote in the 1997 Budget.
21. The cost of engaging the services of a reputable Broker and Legal Advisor is yet to be estimated at this stage.
22. The financial exposure to the State for an outright purchase of CRA shares in BCL is not known at this stage as it will be determined through due-diligence and final negotiation of the price. Although this also includes the financing arrangements at this stage, the financial adviser will be advising on this aspect.

E. STAFFING IMPLICATIONS

Nil.

F. LEGAL IMPLICATIONS

The Memorandum and Articles of Association of BCL will need to be reviewed by the Legal Advisor in order to determine the most feasible and cost effective approach to the acquisition of CRA shares by the State.

No details are currently available at this stage.

G. CONSTITUTIONAL IMPLICATIONS

H. DECENTRALISATION IMPLICATIONS

I. POLITICAL IMPLICATIONS

J. PLANNING IMPLICATIONS

Nil.

K. PREVIOUS POLICY REFERENCE

Nil.

L. RECOMMENDATION

It is recommended that Cabinet:-

- a. Approve the strategy for the State to acquire the entire shareholding of CRA in BCL;
- b. Authorise the Minister for Finance to execute a Letter of Mandate to engage a reputable Broker to act as financial advisers to the State in its negotiations with CRA for the purchase of their shares in Bougainville Copper Limited (BCL);
- c. Authorise the Minister for Finance to execute a similar Letter of Mandate to engage a reputable Legal Firm to act as legal advisers to the State in its negotiations with CRA for the purchase of their shares in Bougainville Copper Limited (BCL);
- d. Endorse the Minister for Finance's strategy in approving the funding for Project "Oyster" to be treated as a loan from the State to North Fly Highway Development Company Pty Ltd (Roadco); and
- e. Endorse the terms and conditions of the Loan Agreement between the State and Roadco and its execution by the Minister for Finance or his delegate under Section 47 of the Public Finances (Management) Act 1986.
- f. Direct the Minister for Finance to provide regular updates to Cabinet on the status of progress.

C.S. HAIVETA, MP
DEPUTY PRIME MINISTER
AND MINISTER FOR FINANCE

Application to enforce Constitutional rights

IN THE SUPREME COURT
OF JUSTICE AT WAIGANI
PAPUA NEW GUINEA

APPLICATION NO. 9 OF 1997

ENFORCEMENT PURSUANT TO
CONSTITUTION SECTION 57

INDIVIDUAL AND COMMUNITY RIGHTS
ADVOCACY FORUM ICRAF INC.

Applicant

SIR JULIUS CHAN, Prime Minister of Papua New Guinea
First Respondent

MATHIAS IJAPE, Minister for Defence
Second Respondent

CHRIS HAIVETA, Deputy Prime Minister and
Minister for Finance
Third Respondent

THE INDEPENDENT STATE OF PAPUA NEW GUINEA
Fourth Respondent

APPLICATION TO ENFORCE
CONSTITUTIONAL RIGHTS

Filed: 12th March 1997

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ENFORCEMENT PURSUANT TO
CONSTITUTION SECTION 57 OF
THE NATIONAL CONSTITUTION

THE INDIVIDUAL AND
COMMUNITY RIGHTS
ADVOCACY FORUM INC.
APPLICANT

Sir JULIUS CHAN, Prime Minister
of Papua New Guinea
First Respondent

MATHIAS IJAPE, Minister for
Defence
Second Respondent

CHRIS HAIVETA, Deputy Prime
Minister and Minister for Finance
Third Respondent

THE INDEPENDENT STATE OF
PAPUA NEW GUINEA
Fourth Respondent

APPLICATION TO ENFORCEMENT CONSTITUTIONAL
RIGHTS

1. THIS APPLICATION FOR ENFORCEMENT of Rights and Freedom is sought by Individual and Community Rights Advocacy Forum Inc (ICRAF) an association incorporated under the Associations Incorporated Act.
2. On behalf of thousands of Bougainvilleans and other Papua New Guineans who have suffered death and injuries as a result of the unconstitutional and unlawful war being waged in Bougainville since 1988 and the many men, women and children in grave danger of being killed or injured as a result of the continuing war or any military action taken out against the BRA Leaders and on behalf relatives of the Late Theodore Miriung, who are all persons unable to fully and freely exercise their rights under Section 57 of the National Constitution.
3. This Application arises as a result of the following:

- a) Since 1988, the Government of Papua New Guinea has deployed members of the Papua New Guinea Defence Force to assist the members of the Royal Papua New Guinea Constabulary Force (Police Force) restore order in Bougainville following a campaign of sabotage by traditional landholders of the Panguna Copper Mine. Members of the Defence Force were then called out to assist the Police under a Call Our Order published in the National Gazette on or about the 26th of December, 1988.
- b) Under the Call Out Orders the members of the Papua New Guinea Defence Force deployed in Bougainville were supposed to assist the Police to arrest persons suspected of committing criminal offence by using reasonable force. These powers are specified in the two Regulations made under the Defence Force Act in 1989. These Regulations did not make provisions for members of the Defence Force to mount military missions intended to kill enemy or persons suspected of committing criminal offence in Bougainville.
- c) Since their deployment in Bougainville however, members of the Defence Force have mounted military missions with the intention to kill or otherwise attack persons alleged to have committed criminal offence, in particular, members of the Bougainville Revolutionary Army. These missions include Operation Footloose, Operation High Speed 1, Operation High Speed 2 and others such operations.
- d) Since 1988 to this day, many members of the Security Force, including members of the Defence Force and thousands of Bougainvilleans have either died, suffered injuries, disappeared, tortured and displaced as a result of the continuing illegal and unconstitutional war being waged in Bougainville. These killings, disappearance, displacement, injuries and torture have been documented by Organisations such as Amnesty International, the US State Department in its Annual Reports on Human Rights, the Catholic Church and other agencies.
- e) Since 1988, members of the Security Force, including members of the Defence Force have restricted rights and freedom of people on Bougainville to movement, to speech and to assembly and they have searched and entered private premises and villages without search warrants and destroyed peoples private property, including houses, commercial properties.

- f) In the furtherance of the unconstitutional and unlawful war alleged in the preceding paragraphs, the Government of the Independent State of Papua New Guinea recently unconstitutionally and unlawfully conspired and contracted with certain private foreign corporation and individuals to bring military personals, knowledge and skills into Papua New Guinea for the purpose of continuing the unconstitutional and unlawful war levied in contravention of various human rights Sections of the National Constitution, but with the specific intent of causing deaths and injury to people in Bougainville contrary to Section 35 and 37 of the Constitution. These are apparent by the following reports reported by various news agencies within and outside Papua New Guinea:
- i) On the Monday the 24th of February, 1997, the Post Courier and the National newspapers published reports that the Government of the Independent State of Papua New Guinea had contracted a company called Sandline International to provide *"mercenaries"* to *"plan and execute a surgical strike against hardline rebel leadership in Central Bougainville"* inferring that the National Government had a plan intended to kill members of the rebel leadership on Bougainville.
 - ii) In the same report, the Newspapers reported that the mercenaries had been flown to Wewak in two Russian military cargo aircraft flying under the flag of Air Sofia, into night flights during the past two weeks and were in training secretly.
 - iii) On Tuesday February 25th, 1997, both the National and Post Courier Newspapers reported denial by the Prime Minister and the Foreign Minister, Mr. Kilroy Genia that the mercenaries were to be deployed in Bougainville to eliminate the rebel leadership. However, on the Post Courier of the same day, it was reported that the Government had committed K30 from the Orogen Mineral Sales Proceed to *"Financing of Costs of the Government's Bougainville initiative"*. The said report quoted a letter allegedly written by the Deputy Prime Minister, Mr Chris Haiveta which read in part:

“It should be noted that Roadco has been nominated because this expenditure has not been budgeted in the 1997 Budget; and any financing out of the 1997 National Budget would only create technical complications in the implementation of the Budget as well as conditions relating to the IMF/World Bank loans”

- iv) On Wednesday the 26th of February, 1997, the Post Courier Newspaper reported that London based Sandline International “mercenaries” will not be sent to front line Bougainville. The Defence Minister, Mr Mathias Ijape was quoted in that report as saying that the company’s “advisers” would not be in the front line but rather to “guide operations”.
- v) On Friday, 28th February, 1997 however, the National and Post Courier Newspapers reported that the Sandline International had approached Cairns based hospital in Australia about handling casualties from “any fighting involving mercenary soldiers and Bougainville rebels. The Post Courier also reported on the same day that former Australian military officers had been approached last year to train African mercenaries in Papua New Guinea and that ***“their job description would be that they would go into Bougainville as part of a 150 person force and they were to liquidate the leadership - liquidate was the word used”***
- vi) The Independent Newspaper also on Friday 28th February, 1997 also reported that Sandline International had written a letter to the Cairns Based Hospital on Friday 21st February, 1997 asking the hospital to “outline the financial implication for injured patients that could be transferred to Cairns an any time of day or night” and the procedure necessary for the transfer of injured soldiers. The news report quote the Cairns Base Hospital Public Relations officer Ms Rose Spencer as saying that the letter came from Sandline’s London address.

- vii) In the same Newspaper of the same date, the Independent reported an interview granted between Australian Broadcasting Commission (ABC) based Reporter and Independent Columnist, Sean Dorney and the Prime Minister, Sir Julius Chan, where it was reported as follows:

“Sean Dorney : And what is the task of the people they are training? Is it to get the rebel leadership?”

“Julius Chan : Yep, Yeah. It’s to get the criminals. I think the criminals are now not the same criminals as we have been used to in the past when we were dealing with bows and arrows. We’re talking about M16s and modern rifles and grenades. And as you know from the recent killings in Kangu, a lot of ammunition and a lot of guns have been taken. And also we know there has been a lot of shipments, illegal movement of arms into Bougainville and they are now in the rebel’s hands. And I cannot continually subject my security force to just open slaughter by these criminals. Therefore, we really have to built them up, psych them up to a military situation, for confrontation they’ve never experienced before.”

- viii) In the same Newspaper of the same date, it was admitted by the Defence Minister, Mathias Ijape that the Mercenaries could be hurt in Bougainville and that despite earlier denial that they were just trainer and advisers only, the Minister for Defence finally admitted that they would be deployed in Bougainville.
- g) Since the coronial inquest into the killing of the late Premier of North Solomons, Mr Theodore Miriung, there has not been any prosecutions of alleged killers, even though the names of the alleged killers, some of whom are members of the Papua New Guinea Defence Force and the Resistance Force and are known to the Respondents, particularly, the Second and Fourth Respondents. These alleged killers are

said to be held in the Taurama Army Barracks and in on Bougainville, which the Second and Fourth Respondents have authority or control over.

4. The said facts infringe the rights and freedoms of a person and infringe other Constitutional laws in the following respects:
 - A. Any plan or intention to kill another person in Papua New Guinea whether or not such a person is a citizen is both a criminal offence and also a breach of Constitutional Rights and Freedom particularly Section 35 Right to Life.
 - B. Any intentional killing of another person in Papua New Guinea, whether or not such a person is a citizen is both a criminal offence and also a breach of Constitutional Rights and Freedom, particularly, Section 35, Right to Life.
 - C. Any person, whether citizen or non citizen in Papua New Guinea, who is suspected of having committed any offence is entitled to a fair trial, to remain silent, to a lawyer of his or her own choice and is presumed innocent unless proven guilty and any attempt by the police or any other person, including the members of the Papua New Guinea Defence Force to punish or kill the suspect before trial would be a breach of Section 37 of the Constitution which guarantees everyone persons in Papua New Guinea their protection by law.
 - D. Any action, whether of the police, members of the Defence Force or any other persons that is likely to or has reasonable probability of resulting in the breach of persons constitutional rights and freedom is contrary to Section 57(5) of the National Constitution.
 - E. Restriction of freedom of movement without a Declaration of State of Emergency or a declaration of a curfew under the Curfew Act is a breach of S.42 of the Constitution. Likewise any search and entry of a private premises without a search warrant is a breach of S.44 of the Constitution and any action that results in the destruction, loss or transfer of private property without any justifiable reasons is a breach of S.53 of the Constitution.
 - F. Any decision or action, whether by the police or members of the Defence Force to stop people from meeting or assembling in the absence of an order, regulation or proclamation made under or during a lawfully declared

State of Emergency and in the absence of a curfew made under Curfew Act to cover such times is contrary to S.47 of the Constitution.

5. The CONSTITUTIONAL LAW provisions relevant are:

Section 35 : Right to Life

Section 36 : Freedom from inhuman treatment

Section 37 : Protection of the Law

Section 41 : Proscribed acts

Section 42 : Liberty of the person

Section 44 : Freedom from arbitrary search and entry

Section 45 : Freedom of conscious thought and religion

Section 46 : Freedom of expression

Section 47 : Freedom of Assembly and Association

Section 53 : Protection from unjust deprivation of property

Section 206 : Visiting Force

Section 202 : Function of Defence Force

Section 204 : Call Out in Aid to The Civil Power

6. Accordingly, the Applicant seeks Orders:

- a) That the Sheriff of this Honourable Court causes the Prime Minister and Chairman of the National Executive Council, the National Security Advisory Committee and the Minister for Defence to appear before the Supreme Court at Waigani at a date to be fixed.
- b) That the deployment of the Members of the Papua New Guinea Defence Force in Bougainville is unconstitutional and illegal.
- b) As are necessary or appropriate for the protection of the rights and freedom referred to in Part 3 of this Application.
- c) The matter of compensation, reasonable damage, and exemplary damage arising from the unconstitutional and illegal acts referred to in Part 3, under section 58 of the Constitution be adjourned to allow individuals, other than the Applicant, who have suffered loss to approach this Honourable Court and prove their losses.

- d) Any Orders or Declaration as the Court may be appropriate in the circumstance of the case.

DATED THE 11th day of March, 1997

(signed)

POWES PARKOP
Lawyer for Applicant.

Singirok's address to the nation

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ADDRESS TO THE NATION

by

**Brigadier General *Jerry* SINGIROK, MBE,
COMMANDER PAPUA NEW GUINEA DEFENCE FORCE**

**ENGAGEMENT OF SANDLINE INTERNATIONAL AND
GOVERNMENT OF PAPUA NEW GUINEA MILITARY
OPERATIONS BOUGAINVILLE**

1. I 86506 Brigadier General *Jerry* SINGIROK, MBE the Commander of the Papua New Guinea Defence Force, duly appointed by the National government and given the constitutional responsibility to provide and guarantee security and safety of the well being of our people and resources wish to address the nation about this government's engagement of Sandline International.
2. As a professional military officer I have kept quiet and followed orders from this government as I would for any serving government of the day without questioning their orders and directives. And this included the Sandline International project, which has brought into question the issues of sovereignty and the credibility of the PNG Defence Force and our own professionalism which the government has greatly undermined.
3. I cannot remain silent for long as there have been many false and misleading statements made both by the Prime Minister, his Deputy

and Defence Minister to the public about the engagement of Sandline and furthermore I have detected long term implications to the nation if we allow this government to continue to be engaged with Sandline International. Our own Defence Force's credibility has been seriously undermined while the expected backlash as a result of any major military operations on Bougainville which will for ever remain with us for many years.

4. I have now decided to speak out publicly and this morning I officially informed the Prime Minister of Papua New Guinea, his deputy and Minister for Defence that as the Commander of the Defence Force, I have cancelled all further activities involving the PNG Defence Force with the Sandline International under the contract between the Papua New Guinea Government and Sandline International. At the same time I have called on the Prime Minister, his Deputy and the Defence Minister to resign immediately.

5. It is my professional and ethical view that it is wrong to hire Sandline International to carry out the operations on Bougainville at a price which could re-equip and boost the morale of our Security Forces who for the past nine years have manage to contain the uprising given the depleted resources, personal sacrifices and lack of funding for vital allowances and supplies from successive governments.

6. The operations will be counter productive as the arsenal that is intended to be used are totally destructive against human lives, the environment and not relative to the threat on the ground. This will inevitably result in people not only on Bougainville but throughout PNG turning against the government and the Defence Force if more innocent civilians are lost as a result of the major military operation. They will no longer trust the government of the day and the Defence Force which has the obligation of protecting them. This government has instead allowed foreigners who have no value or appreciation of our culture and background to be used for this terrible cause.

7. The Sandline contract which includes equipping the PNG Defence Force does not cater for the long term transfer of technology and not specific to what was highlighted in our Defence White Paper. The PNGDF will have difficulties in continuing to sustain the newly acquired equipment and capabilities if the government does not

extend the contractual commitment with Sandline whose monthly contractual costs total one third of the PNGDF annual budget.

8. The amount of money spent on hiring Sandline should be used to buy much needed logistical support and capability to sustain current efforts on Bougainville and the other roles of the Defence Force within the country.

9. By engaging Sandline, the government has shown it undermines the potential of its own Defence Force. This project will demoralise the members of the Defence Force who will still be here even after Sandline departs.

10. I still maintain that we should build up the Defence Force's capabilities based on professional planning and schedules drawn up by the Force. While I welcome the move by the government to acquire military hardware, it would have been proper to negotiate between governments which provide for long term training and sustainment at shared costs.

11. The government's direction to engage Sandline could not be stopped despite attempts by government advisors and me to stop it. Those who assisted in the final stages of the Contract, still maintained that the contract had major flaws and could not be accepted by us. Our concerns were short lived as the political direction was to get on with it and get the contract ready to be signed the following morning.

12. Sandline Executives however have direct access to the Prime Minister, Minister for Finance and Defence. Decisions are made between themselves and directions are then given to Departmental Heads by the Minister concerned for us to comply.

13. The checks and balances in our decision making process and committee system have become mere rubber stamps in this exercise resulting in a very expensive contract which has serious negative social, security, economic and political implications.

14. Most of the items supplied are from Eastern Block nations (ex Soviet Stock) which are now either obsolete or lack the demand thus were sold for very little to Sandline. Sandline has now succeeded and re-sold them to the national government for exorbitant prices allowing the potential for sizeable percentage for commissions to all parties involved.

15. Also on the week of the first transfer of funds (\$U18m) to Hong Kong, the Deputy Prime Minister and Minister for Defence were in Hong Kong with Mr Tim Spicer from Sandline International between 12-14 February 1997. What a coincidence? They have to explain to Papua New Guineans what they were doing at Hong Kong with Tim spicer at the time?
16. It is also highly speculated that Sandline is using the Defence Force as a front and is equipping a particular private security company which belongs to Sir Julius Chan's family. If true this is highly dangerous as the implications alone mean that the government no longer has trust in the Police Force and will empower private security firms with arms and explosives issued to protect lives and property for mainly the money orientated companies.
17. The issue of moving away from our traditional partners to seek military assistance is the best move for Papua New Guinea. For too long we have relied on our neighbours for advise and assistance but we realise that our neighbours have their own strategic and security interests to protect and are less sensitive to ours. But in this exercise alone we have proved to them that we can look else where as we are a sovereign country making independent decision to develop our strategic capabilities according to our specific needs.
18. These developments must however be based on PNG Defence Force's own schedules, funding and limitations based on the Defence White Paper and the Co-operate Plan. I am further disheartened when this government has based the purchase of additional capabilities on the White Paper. This is totally wrong. The move by the government appears to be calculated in a poor attempt to justify the operations which has now drawn a wide criticism both internally and abroad.
19. The strengths that exist between government to government arrangements are most lasting and in the spirit of friendship with concessions and many times cheaper. At least the military hardware are acquired through proper means and procedures. This was being done in the past year in the Department by working on options available with other countries.
20. The current situation is that we are now stuck with Sandline International as it was not formalised through government to government and lacks major sustainment flaws in it. In other words

Sandline deal is uneconomically sustainable at the tune of \$U36m per three months according to their rate. Where is the logic of such economic and financial commitment? This is no doubt a national suicide for Papua New Guinea.

21. I am some what dismayed also that the media statements by at least two of our senior politicians have suggested that I was in Singapore negotiating to buy helicopters and other military hardware. I was never on a shopping trip. The purpose of my trip abroad was to visit the Republic of Philippines between 18-23 February at the invitation of the Philippines Armed Forces Commander to establish for the first time military relations with them and find ways where both countries can exchange military skills and knowledge. In fact the Prime Minister himself direct that I go to the Philippines early this yaer and later I sought approval from the Minister for Defence for the trip.

BOUGAINVILLE

22. On the Bougainville conflict, I still maintain the public statement I made in November 1995 after my appointment as the newly appointed Commander, that there is no military solution to the Bougainville conflict. I even to this day maintain that the military is part of the total strategy to solving the Bougainville crisis which requires winning the trust of the people and restoring government services.

23. Papua New Guineans must not forget that the basis of the Bougainville crisis stems around and includes the following:

- 23.1 Lack of review of resource rick packages with the land owners by the government and the developer;
- 23.2 Mining and environmental concerns and issues;
- 23.3 Broken promises by the government and the developer;
- 23.4 Landowners seeking equal partnership in the development of the mine;
- 23.5 Development of the province; and
- 23.6 Equal distribution of the earnings

24. The Bougainville crisis has been prolonged as a result of lack of firm directions and commitment from successive governments to the Security Forces and Bougainville Province. A revised strategy to effectively counter rebel activities as part of the overall peace plan on Bougainville has been developed and refined many times and presented to the government.
25. I believe the Bougainville conflict can be resolved through winning the hearts and minds of the people especially the conflicting sides who must be brought together to negotiate. The Security Forces on the ground now are working on that and have pacified many areas on the island. We have not exhausted all avenues available for negotiation and there is a need to re-build trust among the conflicting sides. Any further destructive offensive acts by the Security Forces will only further prolong the conflict and shut down all avenues of trusts and peace initiatives where the Security Forces are involved.
26. The government initiatives in finding a peaceful settlement with the extension of the term of the BTG and the government's statement to re-look at past peace initiatives with the view to finding a solution to the long running conflict has brought positive response from the warring factions on the island. This indicates a hope for peace but it will take time. However to conduct a major military operation especially if it involves an outside force will only further set back the progress made so far. The United State's involvement in Vietnam, and the current struggle in Sri Lanka are countries that have learned from such lessons which we are going through.
27. the key to Bougainville is a Civil Affairs Programme using hearts and mind exercise while conducting limited military operations where and when required. However our military efforts must be complemented with visible, social and economic activities that provide incentives to individuals and families in Bougainville.
28. This Defence Force has a very proud history and we can still uphold its reputation if equipped, funded adequately and given firm consistent government directives. The continuous deployment to Bougainville of the same members of the Force with diminishing logistical support has resulted in a drastic drop in morale affecting the standard of discipline, moral and the will to fight.

PM STEP DOWN

29. As a matter of principal, I have informed the Prime Minister and the government on my decision to cancel all military activities and operations with Sandline including joint operations on Bougainville.

30. This is because the final motive of this government in using Sandline as publicly announced by the government is to re-open the Panguna mine at the reckless expense of more lives and for economic reasons that has not taken into serious considerations the long term implications of re-opening the mine if the conflict which stemmed from the people's protest over the mine is not resolved amicably.

31. If any government deviates from its main purpose of being in government and wants to operate like an enterprise or business entity then it will lose its constitutional and democratic purpose. That is what this government is doing. It is acting like a business organisation mainly to make profit at the expense of the well being of its people. The country and the various levels of government can not effectively function without an effective government, while the deprivation of equal opportunity has further widened the gap of the ordinary Papua New Guineans. This must stop here.

32. Rather than allow our politicians to sell this country to foreigners for economic gain at the expense of the lives of Papua New Guineans which also include Bougainville and at the same time seriously undermine our Security Forces, I have called off the operations as of mid night last night our time.

33. As a professional military officer I know what a lawful order is and what is not. This particular directive from this government is one that is unlawful for reasons I have mentioned earlier. It is based on these reasons that I have decided to call off joint operations with Sandline and demand that the Prime Minister and his Deputy and the Defence Minister to resign within 48 hours and to make way for a Commission of Inquiry which will make the real facts known to Papua New Guineans about the whole affair.

34. The action I am taking may be interpreted by some as defiance to government directions, but I as a senior citizen and a responsible Department Head I have in good faith as provided by our constitution

have identified serious errors and defects in this government's devious actions and am making a public statement. After all it is my constitution right. In fact the government's own actions alone have produced feelings of discrimination, division of classes of citizens and disunity amongst ourselves and Bougainvillians who are also part of us.

35. I strongly believe that the people of this nation deserve a honest government that is concerned about their welfare and bringing basic services to its people which have deteriorated over the years because of neglect in funding and the delivery of services by the public servants. It is my honest experience that this government has become a law unto itself in the expenditure of public funds and is unaccountable to the country and the people it is supposed to service.

36. I want Paua New Guinean to note that this government together with Sandline International have successfully used the media in promoting the contract as the only military solution to the Bougainville crisis using the Defence Force as a front. The Australian attack on the issue further helped the media campaign by bringing out the natural national emotions in all Papua New Guineans who do not want their independence questioned and rightfully so. But fellow Papua New Guineans the real issue surrounding the sudden engagement of Sandline have been totally kept from the public and I feel it they must be exposed through a proper inquiry.

37. It is time all Papua New Guineans with the vision must re-direct this nation to come together and sacrifice from their own comforts they now enjoy and serve the people of this nation for the better. If the PM and his deputy and Minister for Defence do not step down within 48 hours than I will please to Papua New Guineas to join hands to force them to resign.

38. Although I make this statement towards this government, I have loyalty and respect for the Independent State of Papua New Guinea, my men and their families and for the future generation of Papua New Guinea. However our future hope for peace and prosperity is disappearing rapidly unless somebody can humbly take that sacrifice to stand in the gap which I have now created.

39. Our Defence Force is still a cohesive and a loyal Force and we all believe in a democratic government which is reasonably free from dishonesty and extortion. I believe strongly in a democratic government and we in the Defence Force will support it all the way.

40. I am now also calling for those individuals and organisations who have been unjustly treated by this government to come forward openly expose the actions of dishonest leaders so we can further investigate and prosecute those involved. I call on those responsible for the investigation into POSF Cairns property, Brisbane Consulate, NCD MVIT Private Hospital, Water Report and Pore Porena Freeway.

41. The list that I have mentioned are some deals which I submit this government has politically manipulated to prevent finalisation and prosecution thereby having the people of Papua New Guinea lose confidence in the system of justice and accountability and creating one set of rules for leaders and another for the country's common citizens. We must go back to political history till independence and clean and review every deal signed on behalf of the country and hold those responsible where those deals cannot describe as being in the best interest of the country.

42. I appeal to all Papua New Guineans with genuine, good, and realistic vision to come together and re-direct our beloved country by sacrificing what comfort they are enjoying to save the future. I call on all you to join both the Defence Force and the Police Force in peacefully rejecting this government.

43. I am sternly convicted that this is the only moment in Papua New Guinea's history that we as the ordinary people, together as a nation can actually change the system for the benefit of the common people which successive governments have let us down for many years.

44. Lastly I call on the Governor General and the Chief Justice to appoint, a caretaker government or a Transitional Ruling Council of good and excellent men and women to ensure the continued running of the country's affairs while an independent Commission of Inquiry is to investigate this government's dealing with Sandline International and lay criminal charges against all those involved. And I appeal to all the members of the Security Force both Defence, Police and CIS to refrain from abusing their power or position and take the law into their own hands while the whole issue is being addressed.

45. Let us all unite and peacefully demonstrate as one people to allow the remnants of the loyal and committed leaders to re-course the nation for the new generation. I appeal for respect for lives and properties during this period of turmoil.

I plea to God for his blessing and guidance for the grieving citizens of this great country.

Sign

(*Jerry SINGIROK, MBE*)

Concerned Papua New Guinean Citizen

&

Brigadier General

Commander of Papua New Guinea Defence Force

March 1997

Sir Julius Chan press conference highlights

Bougainville: Chan's Press Conference—18 March (3.30pm)

The PNG government was in 'absolute control' of the situation. There was no question of anything other than a smooth transition of power within the PNGDF in accordance with the country's constitution.

The government had decided to dismiss Singirok and the appropriate papers had been served on him at midday. Singirok had accepted them.

Singirok was 'guilty of gross insubordination bordering on treason' for his decision to go public with his concerns without prior consultation. He had acted in an inappropriate manner. The only conclusion that could be drawn at this time was that Singirok had been attempting a coup. The matter would be investigated further and dealt with by law. However, no orders had been issued to arrest Singirok.

A new PNGDF Commander Colonel Alfred Aikung had been appointed Acting Commander. All indications the Government had received were of popular support for Aikung amongst the men of the PNGDF. Asked whether the new commander had pledged his loyalty to the government, Chan replied that there was no requirement for him to do so.

The police were doing a 'tremendous job' in maintaining calm. All members of the disciplined forces had pledged their support for the government.

There were, however, unanswered questions over this development. The main one being, who was behind this attempt at destabilising the government?

By Chan's assessment, Singirok appeared to be running a number of political agendas. His initial assertion that Sandline was the issue may have been 'a convenient front'.

Chan's initial analysis was that there 'may be some elements of outside involvement at play'. Chan then ran a line of 'industrial destabilisation' involving simultaneously three big copper mines—Panguna, Ok Tedi and a Peruvian mine 'Moschita'. This destabilisation had led to a worldwide rise in copper prices until recently. The government's intended buy-up of Panguna, in addition to the coming on line of the 'Nina' and 'Freda' mines would pressure the market.

Asked whether the Sandline operation would go ahead, Chan responded that the contract with Sandline went beyond Bougainville, but it was geared to Bougainville and would be, if anything, 'an improvement on High Speed II'.

Asked about Singirok's claims of corruption, Chan said that any claims of corruption were of concern, but under the democratic system of government, such claims were subject to the provision of proof.

Asked who Chan thought was behind Singirok's action, Chan said he was not sleeping, they were looking at the question. PNG 'was a nation, not little kids'. He would receive a report on involvement and would say no more until the situation was more clear cut.

Asked why Sandline should be brought in at this time, Chan replied that you needed strength for peace.

Asked whether the Sandline trainers were being held in Wewak, Chan conceded that that appeared to be the case, he had had no contact with Wewak. He hoped to hear later today and also said that PNG needed to safeguard the welfare of non-citizens.

Asked whether Chan accepted Singirok's calls for an inquiry into the Sandline affair, Chan asked why the government should 'choke up' the legal system, but claimed he was not trying to play down the issue.

Asked whether the Sandline operation and Barter's peace strategy could co-exist, Chan stated that it was not Barter's proposal. Barter had been assigned to develop the strategy, the guts of the strategy were provided by Chan. That said, both the peace strategy and the Sandline action were essential parts of a whole.
(*Post-Courier*, Thursday, 27 March 1997)

Appendix document 9

Sir Julius Chan press statement

'I hear the call', says Sir Julius, Post-Courier, Thursday, 27 March 1997

Parliament has voted and parliamentary democracy is preserved and that is all I stood for. I must now look at the perception outside and the perception seems to be, in my view, to work hard to restore our nation's economy.

We may not have been doing things in line with the thinking of the people.

The situation outside in the last two weeks has been very tense and I accept that the perception of the people is, maybe, the Government has not lived up to their expectation. No government can satisfy everyone—and my government is no different—but I hear the call.

The only thing I wanted to do, as Prime Minister, as the Government of Papua New Guinea, is to preserve the supremacy of Parliament. We've done that and only history will judge. But I feel very confident that we've done the right thing. No Parliament or government should ever be subject to any pressure.

This statement is made, Mr Speaker, without any pressure. It is a statement from the Prime Minister as the chief executive of this country. It is he alone that can make the judgment of the sensitivity, the perception, the problems, the disruptions—of all the tensions that have been built up.

Sometimes, we've got to choose and I've chosen to diffuse the situation, to hopefully allow the due process of law to take its normal course.

As Prime Minister I only have the power to set up a commission of inquiry. That power has been exhausted now and it's up to the judiciary. We must fight hard to preserve this system of the independence of the three arms of government.

Parliament yesterday ruled twice against the resignation resolution, against the stepping aside (of the Prime Minister). No government can allow the Opposition to change the whole government overnight except by a vote of no-confidence—not through any shortcuts to force the Prime Minister to resign under pressure or duress. This would be wrong and against the very principle that we want to preserve as a stable democracy.

That is why I stood firm, and for those of you who think I ran away (on Tuesday night), I did not run away. You must realise that there are people there who want to diffuse the situation and I have no control over my own safety. It came completely under the control of the authorities that we have charged to carry out their job fully, responsibly and uphold the Constitution of this land. I'm here now and I'm making a statement as the chief executive and as Prime Minister of Papua New Guinea.

Mr Speaker, I intend to call the Cabinet as soon as possible, straight after the Parliament (rises) and within the next 24 hours—but as soon as possible—because we've got very important Bills to pass before the election.

If it is at all possible, I have no problem if we move the election forward as quickly as possible so that people can express themselves through the ballot box. But that responsibility is not mine. It is under the Electoral Commission. But I am prepared to talk to the Cabinet ministers to facilitate it.

The people have perceived and shown that there was something wrong and I think the best way for us to preserve that is for them to express that through the ballot box so that no-one, whether it is the Leader of the Opposition or any Member of this Parliament who occupies a responsible position under the Constitution, should ever feel that you should submit to any undue pressure or duress. I believe I have preserved that.

I wish to thank you, Mr Speaker. I know you too have gone through very tough times, I can't allow this Parliament—this great institution that I have served for so long—to come to or be subject to any harm. I am one of the founders of this country and I will not allow pressures of undue nature destroy the very institutions I helped make.

So, in the interest and for the good of the Constitution, and in order to diffuse what is something that I consider to be a little bit explosive outside, I will direct the Deputy Prime Minister and the Minister for Defence to step aside.

I myself will step aside and have Cabinet appoint the acting Prime Minister to continue to carry this Government into the election, and as long as the commission of inquiry completes its exercise independently without any interference from the three of us—the Minister for Defence, the Minister for Finance and myself who were responsible for this particular animal, this particular contract that has caused a lot of confusion in the land.

I think I've taken the right course and I feel very comfortable in saying that to preserve peace, to preserve order, this is the right thing to do. I have decided that, on this occasion, it is the right thing to do. From the outside, it looks as if the three of us are the greatest sinners in government. Many people think that we have damaged Papua New Guinea. Under the law, we have ways of dealing with this situation. The quickest way to stop the people's worry, cry, I set up a commission of inquiry. As Prime Minister, I could not do anything more. It is now up to the lawyers to expand the terms of reference to cover all the concerns raised by the people.

That is the power I have and I cannot interfere with the commission of inquiry. Under our system, courts are independent, Parliament is independent and government is independent.

Parliament yesterday moved a motion asking me to resign. Parliament ruled against that motion. Later it ruled against a motion for me to step aside. The only reason why I stood strongly against this was that I believe that no leader with constitutional responsibilities must come under extraordinary stresses and strains and forced to act.

I believe that through the ruling of Parliament last night, we made the right decision in preserving the supremacy of Parliament—and 10,000 angels swearing I'm wrong would make no difference.

Today at lunchtime, I spoke to all the law enforcement agencies. I told them they must look after, protect, cherish, nurse and build to make Papua New Guinea the strongest democracy in the world. But for the time being, I must give it a chance to grow. I stood here under all kinds of threats, but we stood firm and I wish to thank every Member of Parliament for standing up strong in accordance with the principles of Parliament. I hope that we will build on the actions I have taken to preserve and cherish the supremacy of Parliament because Parliament is the voice of the people through their representatives. There is no other way.

I will personally direct the Minister for Defence and Minister for Finance who have been implicated together with me to step aside. I too will step aside until the commission of inquiry carries out its task for as long as it wants until they clear me, until they clear them.

Mr Speaker, I now give democracy back to you and the government and a chance to the people of Papua New Guinea to make their own judgment.

And I make this, my only plea, please bring order back so that our citizens and our children can go about their business freely. Member of

Parliament can exercise their responsibilities freely and Parliament itself can freely determine what laws to make and what kind of government to choose and no-one else.

Finally, when we go through tough times the media everywhere in Australia and the world paint us as rascals; they condemn this country for losing democracy. Don't forget, we did not fire a shot! That by itself is proof of tolerance, of the ability of Papua New Guineans to solve their problems in the right way.

As I said at the beginning, I have to solve the problem. I hear you, I hear the people and I will move as swiftly as possible to structure the government. Hopefully our people will respond simultaneously to my call to go back to normal life.

SINGIROK'S \$70,000 SECRET

Mary-Louise O'Callaghan

Some call him their "king", others a saint: certainly to many Papua New Guineans, Jerry Singirok is a national hero.

In November 1995 the then 38-year-old, Australian-trained soldier became one of the youngest commanders ever of the PNG Defence Force. Bright, committed and above all sincere Singirok was seen by most as an enlightened appointment by Sir Julius Chan, further underscoring the then PNG prime minister's own determination to settle the long-running Bougainville secession crisis peacefully.

But it was on St Patrick's Day this year that Singirok really earned the respect and admiration of his fellow countrymen. Defying the very man that had appointed him, the commander put his own career on the line to launch a risky operation, Rausim Kwik (pidgin for get them out fast), to rid the country of the controversial Sandline mercenaries.

Describing the US\$36 million contract with the London based mercenaries as a "corrupt deal", Singirok informed the nation on talkback radio that he could no longer stand by and allow PNG's sovereignty to be undermined by the Chan Government's scheme to use foreign operatives against its own citizens on Bougainville.

I am sincerely convinced that this is the only moment in Papua New Guinea's history that we as ordinary people, together as a nation, can actually change the system for the benefit of the common people."

It had been a long time since Papua New Guineans, increasingly unhappy with the conduct of their leaders, impatient with the disastrous deterioration in government services and the endless allegations of corruption, had had anyone to look up to.

When the mutinous commander urged the populace to "join the defence force... and peacefully reject this government," he struck a chord which is still resonating throughout the nation.

Although sacked the same day, Singirok remained in the official residence of the commander at Defence Headquarters in Port Moresby's Murray Barracks and used his popularity among the

middle and lower ranks of the disconsolate PNGDF to launch a public uprising against the Chan government.

A committed Christian he ended his national address with a prayer: "I plea to God for his blessing and guidance for the grieving citizens of this great country." A hero had been born.

As he cried with elder statesmen, attended prayer services and modestly denied that he was doing anything heroic at all, the nation waited to see who would win the test of strength. After 10 tense days of civil protests and military defiance, Chan announced he was standing aside for the duration of a commission of inquiry into the Sandline contract.

Gracious in victory, Singirok praised Sir Julius courage and initially welcomed the Commission of Inquiry. What he neglected to tell any of his supporters that it was not just his political masters whose actions might require scrutiny.

From April of 1996, J Singirok, Esq. has held a Visa Card account with the Waterloo Place, Pall Mall branch of Lloyds Bank in London. Bank records obtained by *The Weekend Australian* show that in the 12 months leading up to the Sandline crisis, a total of \$70,000 (£31,000) had been deposited in that account.

The gross salary of the commander of the Papua New Guinea Defence Force is between kina 35,000–40,000 annually (\$34,500–\$39,400) .

Apart from an initial cash deposit of £1,000, the remaining £30,000 were deposited in three batches of £10,000 each in July 1996, December 1996 and February 1997.

Bank records show that all three were internal transfers from the Lloyds bank account of a London-based arms and military equipment dealer, J and S Franklin, which has been supplying equipment to the PNGDF for almost a decade.

Established by two brothers after World War 11, the company, which has its five-storey headquarters on the Strand in London, is now run by Sidney Franklin, and his sons Mark and David.

With another office in Raffles Hotel in Singapore, the Franklin family firm has extensive dealings in Africa, eastern Europe, and Asia. No one from the company was available to comment yesterday.

But Singirok, who on Thursday was decommissioned as a soldier in one of the final acts of the outgoing Chan Government, has freely admitted to the existence of the Lloyds account, claiming he had opened it for the sake of convenience while travelling.

Denying any impropriety, he claimed that he was not aware of any deposits being made into the account, and if such deposits existed that they must be donations towards his legal expenses incurred as a result of the Sandline inquiry.

However after *The Weekend Australian* informed him that all three deposits were made in the 12 months leading up to the Sandline crisis, prior to the generation of any legal costs, Singirok said: "I opened a Visa account for travelling convenience. I have also drawn from that account.

"I am aware that Mr Franklin wanted to assist me of his own will. I am not aware of what deposits he may have made."

The General was not always so forthcoming. During cross examination at the commission of inquiry, Singirok replied under oath the following to questions put by the counsel for the State, Marshall Cooke:

Question: On this trip to London in April, 1996...did Franklins offer you any other gifts?

Answer: No.

Q: Did they provide you with an American Express Card?

A: No.

Q: For your use while you were in London?

A: No.

Q: Did they offer you any inducement to enter into contracts through them?

A: What is inducement?

Q: Any commissions?

A: No

Q: Any benefits at all?

A: No.

Asked about his relationship with Sidney Franklin yesterday he described it as a personal friendship.

"The relationship is a personal relationship of friendship with Mr Sidney Franklin who has sold equipment to Papua New Guinea for the past 10 years.

"As commander of the Papua New Guinea Defence Force I have not ordered any equipment from J and S Franklin.

"As a personal friend he had introduced me to many other suppliers of military equipment."

But the bounds of the personal and professional have clearly been blurred in the relationship. Also under oath, Singirok did admit to the

commission of inquiry that J and S Franklin had been the firm that picked up the tab for him and the then PNG secretary of finance, Vale Iamo, for a six day sojourn at the Royal Horseguards Hotel in London.. Asked by Marshall Cooke, "Now, did Franklins book you into the hotel at the Horseguards Hotel?" he replied, "That is correct," and the following exchange took place.

Q: Did they pay for your bill?

A: That is correct.

Q: Did you make a claim when you came home for expenses related to this trip to London?

A: I cannot recall.

Q: Is that usual that arms dealers would pay for your hotel bills?

A: I would not know.

Singirok claimed yesterday that the Lloyds Bank account was now closed. "Since about the middle of June the Visa account has expired. I have not got a new Visa Card. I have made no further drawings from the account."

However bank records obtained by *The Weekend Australian* show that as recently as the first week of June, Singirok had written to the bank seeking to change the address for the account statements.

A letter from the bank's operations division informed him that they were unable to act on faxed instructions due to the "increased fraudulent use of facsimiles within the financial community" and would await his written instructions.

The Weekend Australian was also able to ascertain from official bank sources yesterday that the account remains open. Singirok is known to be held in high esteem by PNG's founding Prime Minister, Sir Michael Somare. And despite being decommissioned this week, he was considered to be in a strong position to be reinstated as PNGDF Commander if Somare regains the Prime Ministership.

Existence of the account provides a startling (*sic.*) different view of the ex-brigadier general than has hitherto been portrayed to the public of Papua New Guinea.

On 23 April this year, Singirok effectively withdrew from the Sandline inquiry, saying he could not afford to meet his legal costs, then about \$70,000, after the acting prime minister, John Giheno, rejected a recommendation by the commissioner, Justice Warwick Andrew, that his legal costs be met

The dramatic move came just minutes before the prime minister Sir Julius Chan, was due to take the stand and effectively deprived the

commission of the semblance of balance provided by the cross-examinations by Singirok's legal representative, Peter Dongi.

Launching a public appeal to help him meet his legal costs the same day, Singirok claimed that his absence from the inquiry now made it a "whitewash". The balance in the Lloyds Bank account on April 23 was £15,855.56.

Despite his protestations that the Franklin contributions are personal gifts from an old friend, the Lloyds account also sheds new light on what might have contributed to Singirok's decision to mutiny against the Sandline contract.

Sandline chief executive, Lieutenant-Colonel Tim Spicer, has maintained that Singirok showed no signs of disapproval of the proposed operation in Bougainville in the months he dealt with him.

In fact, Spicer, who was tackled to the floor of Singirok's office the night Operation Rasuim Kwik was launched, says he was completely taken by surprise and initially thought that Rausim Kwik may have been simply a practical joke. "I half expected he might appear from the toilet door, laughing."

Yesterday Spicer told *The Weekend Australian* that Singirok had never sought any benefit or personal gain during their negotiations.

"Apart from requesting a satellite phone for security reasons, he never solicited anything of a personal nature from us."

But according to sources within the international arms trade, Sidney Franklin has long considered Papua New Guinea to be his territory.

The largest component of the Sandline contract was in fact military equipment and weaponry.

Sources close to Franklin boasted as early as February this year that Singirok planned to put a halt to the Sandline operations.

During the recently completed national election campaign, Singirok has pursued his public appeal for funds during a national speaking tour in which he has consistently drawn large, warm and admiring crowds.

After receiving K1251.92 collected during a "wheelbarrow push" and riding on the shoulders of one such crowd in Mt Hagen last month, Singirok said he believed God was using him to "reveal the wrongs" of others.

Like politics in PNG, God can work in mysterious ways.

In February 1997 the Australian media disclosed that the Papua New Guinea government had engaged a private company—Sandline International—to supply mercenaries and military equipment to eliminate secessionist leaders on Bougainville island and repossess the giant Panguna mine. Events took a further dramatic turn on 17 March 1997 when the commander of the Papua New Guinea Defence Force, Brigadier General Jerry Singirok, announced publicly that he would no longer cooperate with what he called the government's 'corrupt deal'. Singirok's act of defiance precipitated the most serious political crisis in Papua New Guinea's twenty two years of independence.

This volume presents the impressions of a number of ANU-based scholars of Papua New Guinea politics who watched closely as these events unfolded. It also sets out a chronology of the main events and reproduces some of the key documents relating to the Sandline Affair. It will provide a useful resource to researchers and others interested in this remarkable episode in Papua New Guinea's post-independence political history.

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