privatization came in the form of a Commission of Inquiry into the sale of the PNG Banking Corporation to Bank South Pacific. A Queen’s Council from Australia was appointed and is expected to report by 2003. Many expect the commission to report collusion among key decision-makers in the Morauta government and the new owners of the PNG Banking Corporation.

As the year drew to an end, the general feeling in Port Moresby was one of despair. The political system had not changed despite the general elections; the “new” prime minister was in fact the founder of the nation; law and order continued to deteriorate; and the economy had descended to new lows. According to almost every social and economic indicator, the nation had gone backwards. But in true Melanesian style, the political elites still hope that “masta” Australia and other aid donors will again bail out Papua New Guinea in 2003. The word “aid fatigue” was neither understood nor heard in the corridors of power in Waigani.

JAMES CHIN

Reference

Vanuatu

Some commentators continue to question Vanuatu’s stability and wait for a collapse of order as experienced by its Melanesian neighbors. However, Vanuatu has shown a good deal of cohesiveness in a year that witnessed a number of potentially destabilizing events, including a national election, the jailing of a former prime minister for fraud, and lengthy wrangling over the appointment of the new commissioner of police. Although Vanuatu’s economy has not been performing well, 2002 has largely been a success for governance.

The year began with the death of one of Vanuatu’s elder statesmen, George Kaltoi Kalsakau, on 31 December 2001. Kalsakau had been one of the primary leaders in the lead-up to independence, and in 1978–1979 was the country’s first chief minister after the country became a self-governing British-French colony. Vanuatu lost three other notable politicians in 2002: the prominent women’s leader, Grace Mera Molisa, who died on 4 January; the second chief minister, Father Gerard Leymang, who died on 2 May; and Noel Mariaisua, a respected chief who had been chair of the National Council of Chiefs, who died in October.

Natural disaster also struck early in the year, when an earthquake measuring 7.3 on the Richter scale hit Port Vila. Some roads, buildings, and bridges were damaged, but overall the capital city escaped lightly scathed, with no deaths. Repair of homes and buildings continued over the year, giving a lift to the building industry. While repairs were costly, in many respects the damage from this earthquake had less human impact than the earthquake and subsequent landslides in Merelava, in the northern Torba province, in late November. Housing, water supply, cash crops, and food crops were all affected. As Merelava is an outer island, this natural disaster received little media attention.
Natural disasters aside, the first potentially destabilizing event involved confusion over the date of dissolution of Parliament. The government thought that dissolution was to occur on 16 March, and in the final week was going to debate a supplementary appropriation bill to cover police underpayments of 95 million vatu. After a careful reading of the Constitution, the opposition figured that Parliament should actually dissolve on 6 March. They took their challenge to the Supreme Court and won, so Parliament was dissolved before the appropriation to pay the police could be passed. While some police were prepared to wait until after the elections for the underpayment issue to be resolved, others threatened strike action, and there were fears of inadequate security during the elections. The issue was defused at the end of March when Natapei’s caretaker government, which had been installed to manage the country between the dissolution of Parliament and the election, paid the outstanding money to the police.

Once this issue was resolved the political focus turned to the elections, which were held on 2 May. The previous chair of the Electoral Commission, Charles Bice, had recommended increasing the number of seats by fifteen. However this proposal was rejected when the cost implications were realized, and the number of seats remained at fifty-two. More than 260 candidate applications were received by the Electoral Commission. Most applications were processed without difficulty, and 257 candidates were accepted to stand for election. However, among the rejected was Acting Minister of Infrastructure and Public Utilities Jacklyn Ruben Titek, whose application was dismissed because he was not officially registered on the electoral roll. Titek appealed the decision (*Titek v The Electoral Commission 2002*). During the court hearing it was found that Titek had never been properly registered when the electoral registration system changed in 1999. When registration officers had called at Titek’s house in 2001 to check the registration, Titek had not been home. The officers stated that they would come back the next day, but never did. Titek believed his electoral card, issued in 1993, was still valid. The Supreme Court overturned the Electoral Commission’s decision and allowed Titek to be registered as a candidate. This decision was based largely on the fact that the electoral officers had promised to return to Titek’s house and had failed to keep this promise. (Titek retained his seat in the election.)

The Electoral Commission also disqualified three candidates a week prior to the election. Atis Kalo Manarato, Hollingson Issachar, and Dickinson Hughug were all disqualified when it was discovered that they each were serving suspended sentences. As a result, the Electoral Commission apparently asked the police to screen all candidate names for undisclosed convictions (*TP*, 27 April 2002). The incident also prompted the Elections Observer Group (*eog*) to recommend a strengthening of the eligibility criteria “to make ineligible the candidature of habitual criminal offenders, people who have been convicted of corrupt electoral practice, and people with significant debts” (*eog* 2002,
However, this report did not recommend that the Electoral Commission be required to liaise with police to screen candidate names for criminal records.

The campaign period was fairly quiet. Voter behavior still seemed to be determined by loyalty to personalities rather than support of particular policies, and few parties or candidates offered clear statements of their political platforms. Various rallies were held, but the clearest indications of campaigning in Port Vila were the thousands of posters plastered around town (recognition of peoples’ faces rather than their policies seemed more important in the race to attract votes) and the truckloads of campaigners driving around town dressed in party colors, honking horns and chanting slogans. In a number of instances business owners were allegedly threatened if they tried to remove posters stuck on their property.

Posters led to the most unpleasant incident of the campaign period. An expatriate restaurant owner, Christophe Rodot, removed from his menu board a poster for Port Vila independent candidate Willie Kaloris. Kaloris’s supporters had placed the notice there without permission. Rodot left other posters of Kaloris on the walls. The next day a group of Kaloris’s supporters went to the restaurant and badly assaulted Rodot. They also forced him to eat the poster that had been removed and to pay 20,000 vatu in “compensation.” Kaloris was not present for the attack but turned up afterwards. He threatened that when he was made a minister he would deport Rodot. In the newspaper Kaloris was unrepentant for his behavior, stating, “If I am in power he [Rodot] will be deported. No question” (TP, 13 April 2002). In the same article he also advised that “if people have a problem with his posters on their premises they should contact him to discuss concerns and not pull down the posters as it causes problems.” It was not until early May that Kaloris and his nephew Moise, who led the assault, were arrested (TP, 11 May 2002). In the meantime Kaloris had polled 362 votes in the election, not enough to win him a seat, but still ranking him tenth of 31 candidates in the Port Vila constituency.

Polling itself was also a low-key, straightforward affair, except in Luganville, Santo, where an error on the ballot papers delayed voting for a day. Voter turnout in the urban centers of Port Vila and Luganville was low, at 51 percent and 45 percent respectively. Overall turnout was 63 percent, slightly up from the 62 percent turnout in the 1998 elections.

Besides the delayed voting in Luganville, other election irregularities occurred. These were relatively well detailed as, for the first time in Vanuatu, an Elections Observer Group was set up. Errors in counting resulted in two candidates, Maxwell Maltok and Vatambe Reme, being declared elected in the unofficial results, only to lose their seats when the official results were released. While the Electoral Commission maintained that the discrepancies were due to human error, some observers believed that the size of the discrepancies called the credibility of the Electoral Commission into question (TP, 25 May 2002). The Election Observer Group also noted potential difficulties with the integrity
of the electoral roll. Using 1999 census data it estimated that there were 107,068 people over the age of eighteen in Vanuatu in 2002. However, the electoral roll recorded 127,092 eligible voters (EOG 2002, 39). Once this was discovered the Electoral Commission took steps to try to combat the lack of integrity in the electoral roll. Prior to the election a number of electoral cards were confiscated from individuals who were registered to vote in two separate constituencies. In the Port Vila constituency about sixty people were caught during the election, either for having multiple registrations or for voting using another person’s card (TP, 9 May 2002).

The Union of Moderate Parties (UMP) won 15 seats (up from 12 in the 1998 national election); the Vanua’aku Party (VP) 14 seats (down from 18); the National United Party (NUP) 8 seats (down from 11); the Vanuatu Republican Party (VRP) 3 seats (up from 1); and the Greens Confederation (GC) and the Melanesian Progressive Party (MPP) won 2 seats each (GC was not listed in the last election, and MPP won 6 seats). The Peoples Progressive Party, Fren Melanesian Party, and Namangi Aute each claimed 1 seat. Five independent candidates were also elected (compared to 4 in 1998).

There was some evidence of “dead wood” being voted out. Stanley Reginold (NUP), whose drunken and violent behavior was the subject of an ombudsman’s report in 2000, lost his seat in the Banks/Torres to Nicholas Brown, a new independent candidate. Paul Ren Tari (NUP) who had been the Speaker of Parliament during the 2001 parliamentary maneuverings to try to avoid a vote of no confidence, and Irene Bongnaim, the first deputy Speaker at the time, also lost their seats.

The reduction in VP seats may be explained in part by tactical or campaign errors. Each of the eighteen constituencies in Vanuatu has one to seven seats. This means that parties must be careful, when standing multiple candidates in a single electorate, that these candidates do not split the vote among themselves and lose out to single candidates from less popular parties. This split in voting may explain why in 1998 the Vanua’aku Party won three of the four seats in the Efate constituency (Donald Kalpokas, Joe Carlo, and Foster Rakon), but in 2002 only won one seat (Donald Kalpokas). There was considerable support for Kalpokas, as a number of voters felt that he fell victim to “bad politics” when he resigned from the post of prime minister in 1999 to avoid a vote of no confidence. Kalpokas easily won his seat with 875 votes. Carlo and Rakon each polled over 500 votes, which was insufficient for either of them to win a seat. Of the other parties to win seats in this constituency, the Union of Modern Parties and the National United Party each stood one candidate only, both their candidates being successful. Barak Sope won his seat for the Melanesian Progressive Party. Although there was another MPP candidate, he was a relative unknown so did not significantly split the vote. The problem of vote splitting is something that may need to be considered in the event of a review of the Vanuatu electoral system.

Isabelle Donald (VP) of the Maewo constituency was the only woman to
successfully contest the election and
to stand as a representative of a major
party. Of a handful of other female
candidates, mainly in the Port Vila
constituency, none came close to
gaining a seat.

A VP/UMP coalition similar to the
one in power prior to the election
formed the new government. Edward
Natapai (VP) retained the position of
prime minister, with Serge Vohor
(UMP) as his deputy and minister for
foreign affairs. The rest of the cabinet
was Sela Molisa (VP), minister for
finance; Wille Posen (UMP), minister
for infrastructure and public utilities;
Jacques Sese (UMP), minister for edu-
cation; Donald Kalpokas (VP), minis-
ter for health; Nicholas Brown (VP,
Ind), minister for Ni-Vanuatu business
development; Jacklyn Ruben Titek
(VP), minister for lands, geology and
mines; Stephen Kalsakau (UMP),
minister for agriculture, livestock,
forestry and fisheries; Joe Natuman
(VP), minister for internal Affairs;
Philip Boedoro (VP), minister for the
comprehensive reform programme;
Jean-Alain Mahe (UMP), minister for
industry and commerce; Raphael
Worwor (UMP), minister for youth
and sports. The Speaker was Henry
Taga (UMP).

There were some rumors that
donors had threatened to withdraw
aid if Natapai was not made prime
minister, even though the Union of
Modern Parties had more votes than
the Vanua’aku Party. However, the
Vanua’aku Party retained the prime
ministership because three independ-
ent candidates pledged their support
for the party. One of them, Nicholas
Brown, was made a member of cabi-
net. This government remained stable
throughout 2002, despite the usual
rumors of no-confidence motions cir-
culating occasionally. It continued to
progress along the path of the Com-
prehensive Reform Programme.

With the elections out of the way,
attention turned to the trial of former
Prime Minister Barak Sope on charges
of forgery. Sope, who was prime min-
ister from December 1999 to April
2001, forged two government guaran-
tees near the end of his period in
office. The first, for US$5 million, was
for the benefit of Vanuatu Investment
Corporation Ltd (VICL), which had
been set up with Sope’s first political
advisor, Bakoa Kaltonga, and Aus-
tralian businessman Eddy Galea serv-
ing as directors. This guarantee was
used as security for a loan of US$2.4
million, although the source of this
loan is not a matter of public record.
The second guarantee, for US$18
million, was made out to Dynamic
Growth Management Projects Pty Ltd,
a company about which there is little
public information. A New Zealand
Serious Fraud Office expert could not
determine whether this guarantee had
been used as security. Sope’s defense
was that he had no intention of per-
sonal gain from signing the letters of
guarantee; rather, he wanted to settle
some of Vanuatu’s debts, in particular
a US$5 million debt to the Common-
wealth Development Corporation in
relation to the Belmol cattle project—
a project that remains somewhat
shrouded in mystery. The court
rejected this defense because the issue
was not whether Sope had acted for
personal gain. It had been established
that Sope knew these documents to
be false but still signed them and sent
them off, with the intent that they
should be acted on as genuine. This was all that was required to establish that the offences had been committed. On 19 July Sope was sentenced to imprisonment for three years (Public Prosecutor v Sope 2002). People from Sope’s home island of Ifira immediately protested the decision to jail the former prime minister. Some, including opposition leader Willie Jimmy, criticized New Zealand’s role in the prosecution (New Zealand supplied fraud lawyers and special investigators), claiming that New Zealand and Australia were interfering with local politics. These rumblings of dissatisfaction grew along with rumors of riots if Sope was not pardoned, but these rumors were soon overshadowed by events of early August, when a police crisis arose out of the appointment of the new police commissioner. The murmurings of discontent and calls for the ousting of Australian Federal Police for interference in local politics continued during August, giving an extra edge of instability to the unfolding events, but ultimately never came to anything (PIR, 28 Aug 2002; TP, 6 Aug 2002). With most attention focused on the issue of the appointment of the new police commissioner, when Sope was pardoned by the president on 14 November because of ill health there was only a small outcry, including a walkout from Parliament when the president tried to deliver his official speech opening the budget session (ABC, 25 Nov 2002). Sope lost his seat in Parliament because of his conviction but intends to challenge this in court in early 2003.

The potential for a crisis over the appointment of the new police commissioner had been apparent early in the year. Api Jack Marikembo, who was commander of the Vanuatu Military Force (VMF), had been appointed acting commissioner of police in June 2001 following the retirement of Peter Bong. By the end of January, VMF officer Major Aru Maralau was questioning whether the Police Service Commission had, in fact, advised President Bani to appoint Marikembo, as stated in the appointment letter. Maralau was apparently suspended because of his investigation into this matter (TP, 31 January 2002). It later turned out that the appointment was indeed invalid. By the end of March, Api Jack Marikembo’s appointment as acting police commissioner was revoked, and Holi Simon, who was deputy commissioner for operations, was instead made acting police commissioner. The new chair of the Police Service Commission, Mr Michael Taun, stated that this appointment was made because “according to the police strategic review of 1997, the next senior person to the Police Commissioner should be the Acting Commissioner, and that person is the Deputy Commissioner (Operations)” (TP, 4 April 2002). This caused disunity in the police and the military, as some police supported Marikembo over Simon. Because the president had not revoked Marikembo’s appointment, the potential for a challenge as to the legality of the revocation was opened up. However, with the election drawing nearer, Marikembo and Simon put aside their differences to work together to ensure security over this period.

Advertisements for the post of police commissioner went out amid assurances that the Police Service Commission would act properly and not allow any interference in the pro-
cess. On 19 July, Mael Apisai was appointed the new commissioner of police. This soon led to an outcry as there had initially been twelve candidates and Apisai’s name had not been among them. Four of these candidates had been short-listed and interviewed by a selection panel made up of Jenny Ligo, Julianne Robvo, Bill Willie, and Marcel Sam. Again Apisai’s name had not come up. Holi Simon had been the preferred candidate of the selection panel (TP, 27 July 2002). On 4 August a group of police, led by Holi Simon and Api Jack Marikembo (who had ably buried their differences, it would seem), arrested Apisai and fourteen other people thought to be involved in his appointment, including Attorney General Ham Bulu, several senior civil servants, three members of the Police Service Commission, the private secretary to the president, and a senior member of Natapei’s staff. All were charged with seditious conspiracy and released on bail.

Holi Simon then applied to the Supreme Court to have the appointment of Mael Apisai quashed. This was granted on 8 August, and the Police Service Commission appointed Simon as acting commissioner (PIR, 13 Aug 2002). Simon then turned to focus on ensuring security for the Melanesian Arts Festival, being held in Vila from 18–28 August.

On 19 August Magistrate Kawai Kawaiu quashed the charges of seditious conspiracy against the fifteen, on the grounds that the arresting officers did not have prior written consent of the public prosecutor (PIR, 21 Aug 2002). The next act of the drama unfolded when the Magistrates’ Court granted a warrant for the arrest of twenty-seven police officers involved in the August arrests. On 26 August Arthur Coulton was made the acting police commissioner and on 27 August approximately one hundred armed paramilitary officers loyal to Apisai turned up at the police station to arrest Simon and a number of other police officers on charges of mutiny and inciting mutiny. The police refused to come out and a large crowd of ni-Vanuatu gathered around the armed officers, threatening to riot if the officers created further violence. That the “person on the street” wanted to head off trouble in the country could be seen as a positive sign. This desire by bystanders to stop the armed bullying tactics was perhaps reinforced by the fact that a large number of tourists were in town because of the arrival of a cruise boat and the Melanesian Arts Festival (PIR, 29 Aug 2002). The standoff was defused when the armed officers left, having obtaining a promise that the twenty-seven officers would appear in court in the afternoon. Only seven of these officers did actually present themselves at court. All were charged and suspended from the police force.

On 31 August a reconciliation ceremony was held between the police and the Vanuatu Military Force. As part of this ceremony a number of police suspensions and arrest warrants were withdrawn (TP, 3 Sept 2002). Michael Taun was removed as chair of the Police Service Commission and an interim commission was established. Although the reconciliation ceremony took place, the case against the leading officers in the police mutiny continued to court.

Initially twenty-six officers were charged with mutiny and incitement
To mutiny but on 1 October, the first day of the committal hearing, the public prosecutor dropped the charges against eighteen junior officers who were not thought to be ringleaders in the events of August. The eight remaining defendants were charged with mutiny, incitement to mutiny, kidnapping, and false arrest. Midway through the trial, Jean Yves Kali had the charges against him dismissed on the basis of lack of evidence, leaving seven accused to present their defenses (ABC, 19 Nov 2002). On 7 December the matter finally came to a conclusion, with four of the defendants, Holi Simon, Api Jack Marikembo, Paul Willie Reuben, and Eric Pakoa all being convicted and given two-year suspended sentences. The other three—John Pakoa Tarimas, Lui Patu, and Roy Seule—were all found not guilty on the grounds that they had been following the orders of a superior and no evidence indicated that the officers knew the orders were unlawful. Suspended sentences were given because all officers had long records of service and good backgrounds prior to the incident (TP, 7 Dec 2002).

Two side incidents of note were triggered by the police mutiny events. The first concerned Deputy Prime Minister Serge Vohor’s statements on the Australian television program, SBS Dateline, that Australia, through its Australian Federal Police presence in Vanuatu, have been spying on local politicians and tapping telephones (ABC, 2 October 2002). Unsurprisingly, the Australian Department of Foreign Affairs denied this. The second incident surrounded the formation of a militia being trained by the Vanuatu Military Force, apparently to help maintain order in the event of violence over the police situation. The prime minister denied that any militia had been formed, although later reports indicated that a group had been trained (TP, 8 October 2002).

A Radio Australia news story stated, “Government spokesman Mr Daniel Bangtor has confirmed the group of young men from the island of Tanna, who now live near Port Vila airport, were employed and given training to assist the mobile force” (ABC, 23 October 2002). This report also indicated that, although the group was no longer employed, it was not disbanding, which gave rise to fears that a new armed faction may arise.

Other stories that attracted interest during the year include the downturn in the kava industry. Many countries now will not accept dried kava to be used for making tablets and other herbal remedies because it appears that kava, when processed in this way, can damage users’ livers. Agricultural exports have not been very successful in 2002, arising from difficulties with the Vanuatu Commodities Marketing Board.

Football is the national sport, so ongoing confusion about the Vanuatu Football Federation’s football academy project has affected many people. While details are still unclear, the Fédération Internationale de Football Association (FIFA) made a large payment to the federation to support this project. This payment went into the European Bank, which is a member of the Bayer financial group and also involves Robert Bohn. Work on the academy has not progressed and there are allegations that money has been misused, that the contract to build the
academy was corruptly awarded, and that the Vanua’aku Party has used these funds (TP, 5 Sept 2002). At least one person, Gilles Daniel, has already appeared in court over this matter. Certain other “troublesome names” have come up, including Guy Bernard (who was linked with the militia training) and Robert Bohn. The matter is now set to be resolved in court, and it is hoped some light will be shed on what actually occurred. Robert Bohn again found himself in trouble late in the year when he and Tom Bayer were arrested by the FBI in New Orleans on charges related to the operation of a lottery scam. The United States has leveled allegations of money laundering at both Bohn and Bayer in the past (TP, 10 Dec 2002). This incident has placed a strain on Vanuatu’s tax-haven status, although OECD pressure over the past few years makes this strain familiar.

As Vanuatu moved into 2003, several issues remained to be cleared up, including the status of Barak Sope as a parliamentarian, the allegations of corruption surrounding the football academy project, and the search for the truth regarding the actions of Robert Bohn, Tom Bayer, and the European Bank. With a sluggish economy over the past few years Vanuatu is also in need of economic growth, which should be a priority for 2003.

ANITA JOWITT

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