NC, *Les Nouvelles Calédoniennes*. Noumea. Daily.

NH, *Les Nouvelles Hebdo*. Noumea. Weekly.

RAN, Radio Australia News. English and French.

Papua New Guinea

By any measure this was an extraordinary year in Papua New Guinea, where dramatic and often tragic events have become commonplace in recent times. The government's latest attempt to force a military solution to the long-standing Bougainville secessionist crisis, this time with the help of foreign mercenaries, backfired badly. It precipitated a constitutional crisis when the Defence Force commander abruptly withdrew his support for the plan and elements of the military moved to expel the mercenaries. Veteran politician Sir Julius Chan was obliged to stand down as prime minister, in the face of overwhelming public support for the defiant soldiers, and lost his parliamentary seat in the general election later in the year. Unfortunately, his successor, Bill Skate, did little to restore public faith in the badly discredited political system. He rose to power by forming a coalition with the remnants of the Chan government, people whose integrity he had vehemently attacked in the run up to the general election. Later he was exposed on secretly recorded videotapes claiming, among other things, to be the "godfather" of Port Moresby's notorious *raskol* gangs. The mercenary debacle did, however, provide a welcome boost for the peace process in Bougainville, and by the end of the year most of the elements of the so-called Burnham Declaration hammered out in New Zealand in July were in place and yielding positive results. Meanwhile, another disaster, this one natural in origin, was gathering momentum throughout the country as the worst drought in more than a century caused extensive crop failures, putting many rural Papua New Guineans at risk.

Government officials and military leaders have long been frustrated by their inability to combat the guerrilla tactics of the Bougainville Revolutionary Army (BRA) and acutely conscious of their dependence on Australia for military training and equipment. In the face of Canberra's increasing reluctance to support the military effort on Bougainville, Defence Minister Mathias Ijape began to seek private sources of military hardware in early 1996. A foreign business associate, with whom he had worked on an earlier plan to establish an elite police unit, put him in touch with Tim Spicer, a London-based director of a military consultancy company soon to be called Sandline International. In April 1996, Ijape, Secretary for Defence James Melegepa, and Defence Force Commander Jerry Singirok met in Cairns with Spicer and another London-based consultant to discuss Papua New Guinea's military needs. Spicer then prepared a proposal called Project Contravene, which was presented to Singirok and Ijape later the same month. In December, after Deputy Prime Minister Chris Haiveta became interested in the idea, Spicer visited Papua New Guinea for further

talks and agreed to provide a more detailed report for a fee of US$250,000. He delivered the expanded report at the end of December 1996.

Project Contravene proposed a "high speed covert military operation" employing the "precise and surgical application of combat power" with two main objectives on the island of Bougainville. The first was to "neutralize" the Bougainville Revolutionary Army by silencing its broadcast station, Radio Free Bougainville, and killing or capturing its senior commanders, named in the report as Francis Ona, Joseph Kabui, Sam Kauona, and Ismail Toarama. The second objective was to "seize and hold" the giant copper and gold mine at Panguna, closed by the crisis in 1989. The attacks would be preceded by two preparatory phases, one to train the Special Forces Unit of the Papua New Guinea Defence Force (PNGDF) and "a small detachment of resistance fighters" for the operation, and the other to gather intelligence on BRA locations, and cut off transport and communications links with neighboring Solomon Islands. The subsequent contract between the state of Papua New Guinea and Sandline, signed at the end of January 1997, required Sandline to provide the training, gather the necessary intelligence, conduct the military operation in conjunction with the Defence Force, and provide unspecified "follow-up operational support." It would also supply a package of military hardware featuring two Russian-built MI-24 attack helicopters and two MI-17 transport helicopters, a range of ordinance including missiles, as well as sophisticated night vision and remote-sensing equipment. These services, many of which appear to have been subcontracted to a large South Africa–based security company, Executive Outcomes, would be provided at a total cost of US$36 million.

The plan appeared seriously flawed. As Anthony Regan has argued, it showed little understanding of the nature of the crisis on Bougainville and simply assumed that military action could and would bring it to an end (Regan 1997). The military had not succeeded on Bougainville, the report implied, partly because of tactical errors but mainly due to inadequate training and equipment. More bizarre was the suggestion that Australia and New Zealand had conspired to prolong the crisis to keep Papua New Guinea from realizing its full economic and regional potential. Nor does it seem likely that the more immediate military objectives could have been achieved as planned. As the Defence Force discovered in August 1994, it is relatively easy to seize the Panguna mine site, but securing this huge mountaintop facility and its vast network of associated infrastructure against subsequent attack would require an enormous commitment of security personnel and resources. This part of the plan could only succeed if earlier strategic attacks against the five "key targets" succeeded in "neutralizing" the Bougainville Revolutionary Army. It would have been relatively easy to destroy the one "hard" target on the Sandline list, the radio transmitter, although it surely could have been rebuilt elsewhere without too much trouble. Given the rugged nature of the

terrain, and problems distinguishing BRA soldiers from ordinary villagers, it is difficult to imagine how the BRA commanders could have been tracked down, positively identified, and eliminated through some "surgical" application of "combat power." Even if all of these individuals were removed, surgically or otherwise, other disenchanted Bougainvilleans might well emerge to continue the struggle.

The small group of senior Papua New Guinea officials involved in the Sandline deal may have been aware of these problems, but hoped that the military operation (codenamed Oyster) would at least force BRA leaders to the negotiating table. The key player was, of course, Prime Minister Chan, who initially rejected Sandline's proposal in September 1996, but apparently changed his mind after meeting with Spicer in January 1997. Chan was extremely eager to resolve the Bougainville crisis, having seen numerous military and political initiatives yield a series of humiliating setbacks and defeats. He was also acutely aware that, if not resolved, the issue could jeopardize plans to consolidate his political position in the upcoming general elections. Chan may well have been impressed by Spicer's military credentials and "can-do" attitude, especially after years of dealing with an unwieldy military establishment at home and unsympathetic officials in Australia. Certainly, Spicer's proposal was pitched to appeal to these concerns, attributing a negative role to Australia, emphasizing the "immense" political rewards that victory would bring, and promising to complete the operation before the current Parliament dissolved in April.

Events moved fast once Chan decided to back the proposal, which was endorsed by cabinet on 15 January. Despite serious concerns raised by the officials who reviewed Spicer's draft contract, the agreement was executed two weeks later and US$18 million (fifty percent of the contract price) transferred to Sandline. By mid-February, just a month after cabinet approved the operation, some seventy foreign mercenaries were training with the Special Forces Unit in Wewak. However, by the end of March the mercenaries were gone, Operation Oyster had been abandoned, and Papua New Guinea was reeling from its worst political crisis since independence in 1975.

Initial public reaction to news of the Sandline deal, which first broke on 22 February, was relatively subdued. Although some Papua New Guinean politicians and community groups were quick to voice their opposition, the loudest protests came from government and media sources in Australia, with Prime Minister John Howard declaring that the use of mercenaries was completely unacceptable. At first Chan attempted to downplay the significance of the contract, claiming that Sandline employees were merely providing training services and would not be deployed on Bougainville. Australia, he complained, was meddling in Papua New Guinea's domestic affairs, a claim that received support from prominent opposition leaders. But domestic pressures proved to be Chan's undoing. On 16 March, Defence Force personnel under the

command of Major Walter Enuma launched *Rausim Kwik,* an operation designed to round up and expel the Sandline mercenaries. The following day Defence Force Commander Brigadier General Singirok went on national radio to explain his opposition to the Sandline contract, report the detention of the mercenaries, and call for the resignation of Prime Minister Chan, Deputy Prime Minister Haiveta, and Defence Minister Ijape.

Singirok's lengthy statement to the nation raised rather more questions than it answered. He was clear about his actions, announcing that he had "canceled all further activities" with Sandline. His demands were also clear: the prime minister, deputy prime minister, and defense minister must resign within forty-eight hours and face a commission of inquiry, or he would ask citizens to "join hands to force them to resign." He indicated several reasons for taking these actions, which Chan described as "gross insubordination bordering on treason." First, the planned military operation on Bougainville was unacceptable. It would inflict unnecessary levels of human and environmental damage, aggravate rather than solve the crisis, and cause people throughout the country to turn against the government and the Defence Force. Second, the contract with Sandline was flawed. It had been pushed through without proper scrutiny and involved inflated prices for obsolete equipment. Third, by involving foreign nationals on a temporary basis at such a high cost (equivalent to one-third of the Defence Force's annual budget) the initiative served to undermine the credibility and professionalism of the permanent Defence Force. Fourth, the actions and motives of the three key government ministers in the Sandline affair were highly questionable. According to Singirok, they wanted to reopen the Panguna mine regardless of the human costs of doing so, and may have been benefiting financially from the Sandline deal.

There is no doubt that Singirok was concerned about the devastating impact of Operation Oyster, and sincere in his belief that military action would not solve the Bougainville crisis. Yet the evidence suggests that he was familiar with the contents of the Sandline proposal from its beginnings in 1996, including the nature of the equipment involved, and subsequently facilitated its development and implementation. It could be that he became increasingly disenchanted when his advice was effectively ignored in the final stages of the negotiations, when the Sandline training program yielded nothing new, and when it became apparent that senior politicians were engineering some sort of secret deal involving shares in Bougainville Copper Limited. Certainly, the charges of underhand dealing and corruption raised by Singirok struck a chord with the general public and led to a powerful groundswell of support for his stand. Ironically, although no hard evidence to corroborate these charges of wrongdoing had emerged by the end of 1997, there was evidence that Singirok himself had accepted money under dubious circumstances. In an article in the *Weekend Australian,* Mary-Louise O'Callaghan, the journalist who first broke the Sandline story, revealed that Singirok had

received a total of A$70,000 in the twelve months preceding the Sandline crisis from a London dealer who had been supplying arms to Papua New Guinea for some years.

It soon became apparent that Singirok had the upper hand in the ensuing standoff with Chan. Although dismissed as commander, he clearly had the support of most of the military, whose Port Morseby barracks became the focal point for large public demonstrations over the next three days. The rallies were organized by university students and community action groups, and tensions ran high when fringe elements took advantage of the situation to smash shop windows and loot merchandise. The worst incident occurred on the afternoon of 20 March, when police used tear gas to disperse demonstrators outside Murray Barracks and discharged automatic weapons in the general direction of civilians fleeing into the military compound. Intent on retaliation, some soldiers tried to break into the armory but were restrained at gunpoint by their superiors. Also under intense pressure from Australia, whose prime minister sent a special envoy to Port Moresby, Chan grudgingly bowed to the inevitable on 20 March. He suspended the Sandline contract and announced a judicial inquiry into the circumstances surrounding the engagement of the company.

However, these actions by no means satisfied the critics. They continued to demand Chan's resignation, a move that appeared to have the support of Governor General Sir Wiwa Korowi, who noted that the "termites of greed, corruption, manipulation, selfishness and abuse of public office" had reached "alarming proportions" (*PC*, 19 March 1997, 3). After several days of negotiations behind closed doors, and with demonstrations continuing in urban centers across the country, Parliament convened on 25 March to consider a motion calling on Chan to resign. The large crowd that had gathered outside the building became angry when the motion was defeated, leading those inside to fear for their safety. Parliament House remained secure, but the presence of armed soldiers controlling traffic in and out of the building led to speculation that a military coup was under way. Late that night Major Walter Enuma, the leader of Operation Rausim Kwik, arrived to assure political leaders that there was no bid to seize power, and managed to calm a group of protesters intent on entering the building. On the afternoon of the following day, 26 March, Chan told Parliament that he, Haiveta, and Ijape would "stand aside" pending the results of the Sandline inquiry. The next day cabinet reversed the order of the two dominant parties in the ruling coalition by selecting Pangu Pati's John Giheno as acting prime minister, with Andrew Baing of the People's Progress Party as his deputy.

Since there was no attempt to take over the government, the actions of Singirok and other military leaders during March 1997 did not constitute a coup (May 1997, 104). Nevertheless, illegal acts had clearly been committed, and various state agencies began to move against those involved. A Defence Force board of inquiry was set up to investigate possible wrongdoing by defense personnel, but its activities

were postponed pending the results of a new judicial inquiry into the Sandline affair. Singirok was dismissed from the armed forces and later charged with sedition for his actions on 17 March. Meanwhile, Major Enuma, first catapulted to prominence by his role in Operation *Rausim Kwik,* was back in the news at the end of July, when he was arrested and charged with raising an illegal force to influence the results of the general elections in an Enga electorate. On 28 July a group of armed soldiers forcibly released Enuma from the cells at the Boroko police station, and subsequently placed new Defence Force Commander Brigadier General Leo Niua under house arrest at Murray Barracks. Five officers attached to the Special Forces Unit, including Enuma, were later charged by a military court with mutiny for these actions. Perhaps more troubling were the police raids in early May on the offices of several community organizations active in Sandline-related protests, and the subsequent arrest of their leaders on charges of illegal assembly.

As usual, the national elections, held 14–28 June, attracted a large number of candidates, an average of about twenty for each of the 109 parliamentary seats. Also as usual, the decisive issues tended to be local ones. However, the Sandline affair was a factor in the 1997 elections, undoubtedly contributing to the ouster of Sir Julius Chan from the New Ireland electorate he had represented for twenty-four years, and to the election of several new members of Parliament who had been active in the Sandline protests. About half of the incumbent members, including fourteen cabinet ministers, lost their seats, and about one-third of the members of the new House had no declared party affiliation.

Those who hoped that the elections would restore some of the damage inflicted by the troubling political events of the first part of the year were soon disappointed. Some observers expected that veteran politician and "father of the nation" Sir Michael Somare could successfully build a coalition around the eleven elected members of his National Alliance party, and relegate the discredited Pangu and People's Progress parties to the opposition benches. However, on 22 July the new Parliament convened and voted Bill Skate in as prime minister by an overwhelming margin over Somare. When earlier negotiations between Somare's National Alliance and Skate's People's National Congress broke down because neither man would concede the prime ministership, Skate quickly agreed to a partnership with Pangu and the People's Progress Party. In doing so, observed the *Australian Financial Review,* the country's first Papuan prime minister "abandoned every pledge he had made, every policy he had advocated and every criticism he had uttered against the PPP-Pangu Government" (*AFR,* 23 July 1997). Just ten days before, Skate had stated categorically that he "did not want to be involved with their dirty politics. . . . We are totally against the activities and decisions of Pangu and PPP. We would be going against our people's wishes if we began associating with these parties" (*National,* 23 July 1997). It was even more surprising to see several newly elected members closely associated with activist com-

munity groups, including the former secretary-general of MELSOL, Peti Lafanama, join the government ranks alongside returning Deputy Prime Minister Chris Haiveta and other individuals they had bitterly opposed earlier in the year.

Less than a week after assuming office, Skate ordered the police to suspend action against military personnel and others who had opposed the Sandline deal, ostensibly as an attempt to reduce tensions within the Defence Force. However, his intervention appeared rather less impartial when it was later revealed that he was related to Major Walter Enuma, and may have known in advance of the plan to free him from the Boroko cells. On 10 August Skate announced expanded terms of reference for the new Sandline Commission of Inquiry headed by Justice Kubulan Los, but amended them again on 19 September. Among other things, the commission was asked to investigate whether there were any secret financial kickbacks or business deals associated with the Sandline contract, and whether certain individuals, including Haiveta, had traded in Bougainville Copper Limited shares when the government was planning to purchase the mining company early in 1997. Singirok's actions during the March crisis, as well as the possibility that he had received money from arms dealers, were also issues to be probed.

In November Skate faced what appeared to be a major political setback when an Australian television station broadcast video extracts showing the prime minister discussing payoffs for politicians and journalists, and boasting about his connections with criminal gangs in Port Moresby. "I can be very ruthless," he was heard to say, "I don't need money . . . but if I tell my gang members to kill, they kill. . . . There's no other godfather . . . I'm the godfather." He also described how he once told his "boys" to grab a man who tried to attack him, and how they drove him to a beach and "cut him to pieces." The tapes were secretly made by Mujo Sefa, an Australian businessman with interests in Papua New Guinea, who claimed to have helped broker the deal that resulted in Skate's election as prime minister. The release of the videotapes by Sefa, who apparently had fallen out of Skate's favor, immediately provoked a barrage of demands for Skate to resign, and a crisis within the coalition government. Citing a conspiracy to bring him down, Skate fired Haiveta as deputy prime minister, who then withdrew his Pangu Pati from the government. Skate claimed that Haiveta had set him up by bringing him to Sefa's office and getting him drunk. Haiveta denied the charge, but did not deny that he was present when the tapes were made. In a consummate demonstration of pragmatic politics, Haiveta eventually agreed to rejoin the government and Skate announced that there was no need for a public inquiry into the sordid affair. By the end of the year Skate's support in Parliament had actually increased, as he managed to recruit three prominent figures, Sir Rabbie Namaliu, Sir Mekere Morauta, and Masket Iangalio, into his cabinet (Vulum 1998c, 27).

The inability of Papua New Guinea's state structures to deliver essential services was dramatically

illustrated in 1997 when the country was struck by an extended drought associated with the El Niño weather system phenomenon. All nineteen provinces were affected by the lack of rain, which devastated subsistence and cash crops alike in the second half of the year. It also caused the Fly River to shrink, stranding shipping and interrupting production at the giant Ok Tedi mine. By the end of the year, the Australian aid agency AusAID estimated that as many as 1.5 million people, more than a third of the population, were without adequate food and water, and at least five hundred people had died from starvation or drought related disease. About 260,000 people were in a critical, life-threatening situation, and a further 980,000 were approaching that condition. Furthermore, according to one of the authors of the AusAID report, "The worst is about to happen" (Vulum 1998b, 19).

Although Skate announced that up to 30 million kina would be set aside to deal with the problem, it was clear that nothing like that level of funding had been made available by the end of the year. It was also clear that Papua New Guinea simply lacked the administrative and logistical capacity to deliver the necessary assistance to the rural areas. The relief campaign, which involved the extensive use of helicopter transport, was effectively orchestrated and implemented by military and civilian teams from Australia. Even though the effort was able to deliver some 1.2 million kilograms of food to about sixty thousand people, many more were left hungry. Even when rainfall resumes, it will take time to restore gardens to full production. The prospects for rural Papua New Guinea in the first half of 1998 look grim indeed (Vulum 1998a, 1998b; Field 1998).

The Sandline catastrophe did create the conditions for significant advances toward a lasting peace on the war-ravaged island of Bougainville. The collapse of this initiative effectively ruled out any possibility of a military solution to the nine-year-old crisis, at least in the immediate future (Regan 1997, 64–72). Furthermore, when members of the new Skate government turned their attention back to the possibility of a negotiated settlement, the peace process was already well under way. This was largely as a result of a concerted effort by senior New Zealand officials, who managed to persuade leaders from all of the key factions on Bougainville to come to Burnham army camp near Christchurch, New Zealand, to discuss their differences. The two weeks of peace talks in July resulted in the Burnham Declaration, which committed the parties to a process they hoped would produce a lasting solution to the crisis. The leaders called for a negotiated ceasefire with the Papua New Guinea government, the lifting of restrictions on the free movement of goods and people in and out of Bougainville and on the island itself, the complete withdrawal of the Papua New Guinea Defence Force, and the introduction of a neutral peacekeeping force (*National,* 22 July 1997). The meeting was hailed as a great success, and in a gesture of goodwill, the Bougainville Revolutionary Army released five Defence Force soldiers whom they had held captive since September 1996.

There had been numerous high-profile attempts to free the prisoners, involving prominent figures such as Sir Michael Somare and Bougainville Member of Parliament John Momis.

Meanwhile, the central government had also been working on a comprehensive peace strategy. This initiative was launched in late January 1997 by Peter Barter, the minister for provincial and local government affairs in the Chan administration, who was alarmed about the implications of the recently approved Sandline proposal. He chaired a committee that brought together representatives of the key national agencies involved in Bougainville. The committee outlined a strategy for peace in a detailed document that was eventually adopted by cabinet in the dying days of the Chan government, and endorsed by the Skate government in August 1997. The work of the Barter committee, and its extensive discussions with interested parties on Bougainville, did much to rekindle interest in the process by which peace might be achieved. It also provided the Skate government with a sound basis for negotiations with the rebel factions on Bougainville, which got underway in late September.

These talks were also held at Burnham, and included delegations from the national government, and the main legally recognized authority on the island, the Bougainville Transitional Government, as well as the breakaway Bougainville Revolutionary Army and its political wing, the Bougainville Interim Government. On 10 October the Burnham Truce was announced. The parties agreed to an interim truce and to work toward a formal agreement that would make the truce permanent. They also agreed to restore freedom of movement on the island, and to establish regular dialogue between the security forces, BRA commanders, Resistance Force commanders, and local leaders. The agreement was endorsed by Skate, who described it as an "important step forward," and generally welcomed it as representing the best prospect for an end to the Bougainville crisis so far. By the end of November, a 260-strong Truce Monitoring Group, which included soldiers and civilians from New Zealand, Australia, Fiji, and Vanuatu, had been deployed on Bougainville. The unarmed group, dominated by New Zealanders, was warmly received, and by the end of the year there had been no violations of the ceasefire agreement.

One troubling aspect of the peace process as it progressed in 1997 was the nonparticipation of the self-styled president of the Republic of Bougainville, Francis Ona, who had launched the secessionist rebellion in the late 1980s. He refused to attend either round of talks in New Zealand and dismissed the resulting agreements, which he said were destined to fail. Ona has consistently maintained that he will not accept anything less than full independence for Bougainville, and is fully aware that the eventual political outcome of the present process is likely to be some form of autonomy for Bougainville within the state of Papua New Guinea. Whereas most Bougainvilleans, including most BRA commanders, now seem willing to compromise their political demands in the interest of peace, Ona and his

group appear determined to continue the struggle. As long as they do, the road to a lasting peace is unlikely to be smooth.

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