

SECTION ONE

INTRODUCTION

Background to the Visit

1.1 In May 1998, the Minister for Foreign Affairs, the Hon Alexander Downer MP, referred the matter of the Bougainville peace process to the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT, the Committee), for examination and report. The terms of reference require the Committee to review the Bougainville peace process and to report on progress towards a lasting peace, including future prospects for reconstruction and rehabilitation, and ways in which Australia can assist further.

1.2 In December 1998, early in the 39th Parliament, the Minister again referred the Bougainville peace process inquiry to the Committee. The formal terms of reference for the inquiry are provided in Appendix 1, and the inquiry is being conducted by the Foreign Affairs Sub-Committee on behalf of the full Committee.

1.3 In his letter of referral to the Chairman of the Committee in December 1998, the Minister re-affirmed his belief that there would be considerable value in a select group of Committee members travelling to Port Moresby and Bougainville to see the situation there at first hand, and to meet key participants in the peace negotiations. Accordingly, the visit was undertaken as an important fact-finding component of the Committee's current inquiry into the peace process.

1.4 The Speaker of the National Parliament of Papua New Guinea (PNG), the Hon John Pundari MP, advised the Committee in February 1999 that he would welcome a visit by a Committee delegation during the third week of March 1999. Subsequently, arrangements were made for the four-day program to commence in Port Moresby on Monday 15 March 1999. A complete outline of the program of meetings and inspections in Port Moresby and Bougainville is shown in Appendix 2.

1.5 Transportation for the delegates between Townsville and Papua New Guinea, and from Port Moresby to Bougainville, was provided by No. 37 Squadron, RAAF. Within Bougainville, transport by ADF (Australian Defence Force) helicopters, landing craft and motor vehicles was provided by the Peace Monitoring Group (PMG), under the command of Brigadier Roger Powell from the ADF. The delegation wishes to acknowledge its appreciation for the assistance provided throughout the visit by the RAAF and the PMG. Without this direct support, and the assistance from the Department of Foreign Affairs and Trade (DFAT) and the Australian High Commission, the visit program could not have been as comprehensive or as informative for the members.

The Committee's Continuing Interest in Progress Towards Peace in Bougainville

1.6 The Committee has maintained an on-going interest in the Bougainville crisis since the early days of the conflict. This continuous review process has stemmed from recognition that a stable PNG is of direct concern to Australia and the region, and that

Australia has been indirectly involved in the crisis from the outset, with the establishment of Bougainville Copper Limited (BCL) and through the training and supply of the PNG Defence Force (PNGDF).

1.7 In a report completed in December 1991, the Committee discussed Bougainville in a major review of Australia's bilateral relations with Papua New Guinea. Among the recommendations in the report which were subsequently adopted was the conclusion that budget support should be replaced by program and project aid. The report also discussed human rights abuses on all sides during the armed conflict, and made recommendations to encourage investigation by the PNG Government of such abuses, and mechanisms for enhancing protection of human rights.¹

1.8 In 1994, a delegation of Members of Parliament, led by the then Chairman of the Committee, was invited by the PNG/Australia Ministerial Forum to make an assessment of the general situation on Bougainville, with particular reference to: progress towards and prospects for a political solution; rehabilitation and reconstruction needs and the role Australia could play in meeting them; and the human rights situation.²

1.9 The 1994 delegation's report contains a useful summary of the colonial legacy and subsequent history of the province now known as Bougainville, or North Solomons Province, to 1994. The delegation concluded that there could be no military solution to the conflict in Bougainville and, equally, that secession through force of arms was not an option. The 1994 report, which was tabled in the Parliament on 9 June 1994, made a number of recommendations. These included supporting a negotiated ceasefire and reconciliation processes and urging the PNG Government to open up the Province to NGOs, the media and international assistance through organisations such as the International Commission of Jurists (ICJ). The delegation also recommended that Australia assist the PNG Government to establish a National Human Rights Commission.

1.10 In November 1997, the JSCFADT hosted a public seminar to update its 1991 report on *Australia's Relations with Papua New Guinea*. During the seminar, the complex issues surrounding the Bougainville crisis were raised in a range of contexts: strategic issues, defence cooperation, the roles of the PNGDF and the Royal Papua New Guinea Constabulary, the peace process, reconstruction and restoration of civil authority. The Committee's report on the seminar, *Papua New Guinea Update: Report on Proceedings of a Seminar*, recommended that the Australian Government encourage PNG to consider inviting international observers from either the ICJ or the International Committee of the Red Cross (ICRC) to be stationed on Bougainville.

1.11 The Australian Government's response to the Committee's seminar report was presented to Parliament on 28 May 1998. In relation to the recommendation for international observers on Bougainville, the government indicated that although such participation would be useful, it was too early to define an appropriate role in the peace process for international organisations. In its response, the Australian Government supported the strategy developed by the PNG Government, which focused on the central importance of the Bougainville Transitional Government (BTG) and on strengthening the role and function of traditional

1 JSCFADT, *Australia's Relations with Papua New Guinea*, December 1991.

2 *Bougainville: A Pacific Solution*, report of the visit of the Australian Parliamentary Delegation to Bougainville, 18 - 22 April 1994.

sources of authority; for example, the Councils of Elders. Restoration of essential services on Bougainville was seen by all parties as one of the main keys to success in the peace process.

Causes of the conflict

1.12 The protracted and violent conflict in Bougainville has caused the deaths of hundreds of soldiers and rebels and an estimated 10,000 to 15,000 civilians, either from the fighting or from disease and deprivation.³ Nearly ten years of war have resulted in the almost total destruction of the Island's economic and social infrastructure. Some tensions remain below the surface on Bougainville, despite the ceasefire.

1.13 While recognising the long history of the conflict in Bougainville, the Committee's present inquiry is focussed on the current peace process and prospects for the future. In particular, the Committee is examining ways in which Australia can assist further in supporting the peace process and in the reconstruction and rehabilitation of the province. Australia's past efforts and possible future role will be considered in the context of regional cooperation and the active participation of all parties to the peace process. In its final report on the inquiry into the peace process, the Committee will provide more detailed background information, including a detailed history of the conflict.

1.14 At the centre of the conflict, in a 'no-go' zone declared by rebel leader Mr Francis Ona, is the abandoned open-cut Panguna copper mine owned by the PNG Government and, formerly, the Australian mining company, CRA (Conzinc Rio-Tinto of Australia Limited).⁴ However, the causes of the conflict are far more complex. A number of related factors have been significant in giving rise to the armed struggle. Mr Anthony Regan, an academic from the Australian National University, has described those factors in the following terms:

The first [factor] was resentment about both exploitation of the Panguna copper mine for the benefit of the rest of Papua New Guinea and the shareholders of Bougainville Copper Ltd (BCL), and environmental damage caused by the mine. The second was Bougainville's ethno-nationalist sentiment ... as well as consciousness of a Bougainville identity distinct from the rest of PNG and closely linked to the western Solomon Islands.

While those and related issues are of undoubted importance, also central are the social and political tensions caused by relatively recent economic change. ... It was the rapid development of glaring economic inequalities among people whose traditions oriented them towards "levelling" those who accumulated material wealth, which set up tensions which the BRA [Bougainville Revolutionary Army] touched on in 1988.⁵

1.15 The future of the Panguna mine, which before its closure in 1989 accounted for around 40 per cent of PNG's annual export revenue, is another issue with the potential to retard the peace process if not handled sensitively in the context of the wider peace

3 *The Age*, 1 May 1998.

4 In 1997 CRA merged with RTZ to form Rio Tinto Limited, an Anglo-Australian company.

5 Anthony Regan, Research School of Pacific and Asian Studies, ANU in *The Asia-Pacific Magazine*, No. 9/10, March 1998, p. 14.

negotiations. After the PNG Government's secret plans to use Sandline mercenaries on Bougainville was revealed by the international media on 22 February 1997, it was discovered that a proposal to hold a controlling interest in BCL was central to the government's plan to reopen the mine, as part of its long-term resolution of the Bougainville war.⁶

1.16 At a book launch associated with a recent seminar in Canberra on transnational crime and the bilateral relationship, Foreign Minister Downer indicated that the Sandline affair placed enormous strain on the relationship between Australia and PNG, but ultimately proved to be a turning point for the better and paved the way for a breakthrough in the Bougainville peace process.⁷

Stages of the peace process

1.17 The Sandline debacle in early 1997 had the effect of reviving the focus on a negotiated settlement of the Bougainville issue. Indeed, in his recent book, ABC correspondent Sean Dorney has described the termination of the Sandline deal as providing 'a welcome circuit-breaker to the war on Bougainville'.⁸

1.18 Talks were held in Honiara, Solomon Islands from 10-20 June 1997, between the Solomon Islands Government and elements of the BRA/Bougainville Interim Government (BIG). At the same time, the current Chairman of the Committee, Senator David MacGibbon made a private visit to Honiara where he met with BRA leaders in what was the first contact since the Cairns 2 talks in December 1995. These events led to agreement between the BRA/BIG and the BTG to hold discussions at Burnham, New Zealand in July 1997.

The Burnham Declaration

1.19 The Burnham Declaration of 18 July 1997, which foreshadowed a role for international peace keepers under United Nations auspices, called for the withdrawal of the PNGDF and recognised the right of Bougainvilleans to determine their own political future. It also called for a ceasefire, disarmament on Bougainville and negotiations between Bougainvilleans and the PNG Government. The Declaration was signed by Joseph Kabui, Martin Miriori and Sam Kauona for the BRA/BIG and by Gerard Sinato, John Momis and Sam Akoitai for the BTG and other Bougainvilleans. These talks were not attended by the President of the BIG and Supreme Commander of the BRA, Francis Ona.

1.20 A second meeting at Burnham military camp in October 1997 was attended by officials representing all parties to the Bougainville conflict. The resultant agreement established an immediate truce, recommended a return to normalcy and provided for the lifting of some restrictions on movement. The next stage was the Cairns meeting between the PNG Government and the Bougainville parties in November 1997, which made preparations

6 Sean Dorney, *The Sandline Affair*, ABC Books, September 1998, pp. 245, 246. Mary-Louise O'Callaghan, *The Weekend Australian*, 22 February 1997, pp. 1, 8. Engagement of the Sandline mercenaries represented the PNG Government's last attempt to find a military solution to the Bougainville conflict.

7 Organised by the Australian Defence Studies Centre, the Australian National University, the PNG National Research Institute and the Australian Federal Police, 11 November 1998.

8 *The Sandline Affair: Politics, Mercenaries and the Bougainville Crisis*, ABC Books, September 1998, p. 346.

for an unarmed regional Truce Monitoring Group (TMG) to be established on Bougainville.⁹ The mandate for the TMG was set down in an agreement signed at Port Moresby on 5 December 1997, by PNG, New Zealand, Australia, Fiji and Vanuatu. It gave the TMG responsibility for: monitoring compliance of the parties with the terms of the Burnham truce; promoting and instilling confidence in the peace process; and providing people on Bougainville with information on the truce and peace process.¹⁰ The text of the Burnham Declaration is reproduced as Appendix 3.

1.21 The first TMG was deployed on Bougainville on 5 December 1997 and operated from regional centres on the island. TMG bases at Arawa and Buka were the first to be established, with those at Buin and Tonu operating later. The TMG's strength of approximately 250 personnel was led by a New Zealand Defence Force Brigadier and was predominantly military in composition. The New Zealand Defence Force (NZDF) provided 120 personnel, and Fiji and Vanuatu around 20 military personnel. Australia provided between 90 and 110 personnel over the period from December 1997 to March 1998, with 15 to 20 of these participants being civilians. The Deputy Commander of the TMG was an Australian civilian, Mr James Batley from DFAT.

The Lincoln Agreement

1.22 The Lincoln Agreement signed in Christchurch on 23 January 1998 extended the truce period on Bougainville and established a PMG to replace the TMG when the 'permanent and irrevocable ceasefire' took effect from midnight on 30 April 1998.¹¹ The parties agreed to a phased withdrawal of the PNGDF from Bougainville, 'subject to restoration of civil authority'.¹² The PNG Government agreed to seek the endorsement of the UN Security Council for the peace monitoring operations. Detailed arrangements for implementing the Agreement were to be incorporated as annexes to the original document. The signatories to the Agreement, which was witnessed by the Prime Minister of the Solomon Islands, were:

Sir John Kaputin, Chief Negotiator for the PNG Government
Hon Sam Akoitai MP, Minister for Bougainville Affairs, PNG Government
Hon Gerard Sinato, Premier, BTG
Mr Joseph Kabui, Vice-President, BIG
General Sam Kauona, Commander BRA
Hon John Momis MP, Member for Bougainville Regional, PNG Government
Hon Michael Laimo MP, Member for South Bougainville, PNG Government
Hon Michael Ogio MP, Member for North Bougainville, PNG Government
Mr Hilary Masiria, Bougainville Resistance Force Commander.

9 The Cairns Commitment on Implementation of the Agreement Concerning the Neutral Regional Truce Monitoring Group, 18-24 November 1997.

10 Under the terms of the *Agreement between Papua New Guinea, Australia, Fiji, New Zealand and Vanuatu Concerning the Neutral Truce Monitoring Group for Bougainville*, the initial mandate for the TMG was stated in Article 5. This was modified by a Protocol signed on 29 April 1998 to take account of the shift from a truce to a ceasefire (DFAT Submission [No. 26], paragraph 10).

11 See Appendix 4.

12 Clauses 3 and 4 of the Agreement, respectively.

The Arawa Agreement

1.23 Annex 1 to the Lincoln Agreement (the Arawa Agreement of 30 April 1998) proclaimed the implementation of the ceasefire and agreed that the PNG Government would invite Australia, Fiji, New Zealand, Vanuatu and other countries in the region to participate in the neutral PMG. The parties agreed that the PMG would:

- (i) monitor and report on compliance with all aspects of the ceasefire;
- (ii) promote and instil confidence in the peace process through its presence, good offices and interaction with people in Bougainville;
- (iii) provide such assistance in implementation of the Lincoln Agreement as the parties to the Lincoln Agreement and the states contributing to the Peace Monitoring Group may agree and available resources allow; and
- (iv) cooperate by agreement in ways that assist in democratic resolution of the situation.

1.24 The parties also agreed that a United Nations observer mission would work in conjunction with the PMG in order to monitor and report on implementation of the ceasefire. The full text of the Lincoln and Arawa Agreements are reproduced as Appendices 4 and 5, respectively.

1.25 Following the signing of the Lincoln Agreement, Australia agreed to host another Bougainville peace meeting in Canberra in March 1998. This meeting provided the opportunity for all the parties to discuss details of the permanent ceasefire and to explore options for the level of external involvement in monitoring the peace process. The Lincoln Agreement also provided for a meeting of PNG and Bougainville leaders in late June and for free and democratic elections for a Bougainville Reconciliation Government (BRG) before the end of 1998.

1.26 There were several Bougainville leaders' meetings and associated informal meetings in the months following the signing of the Lincoln Agreement. To keep the peace process moving forward requires all parties to maintain close and constant dialogue, to avoid misunderstandings and disruption of the peace plans. This is difficult in the current climate, where the communications infrastructure is poor and the parties only meet on an issue by issue basis. The Peace Process Consultative Committee (PPCC) established by the Arawa Agreement was intended to be the mechanism for on-going discussion of the peace process. A meeting of Bougainville leaders (BTG, BRA/BIG, Resistance, Women's representatives, Chiefs and Elders) was held in Buin in August 1998. It reconfirmed Bougainvilleans' commitment to the formation of the BRG and set up further PPCC meetings as well as subsequent informal leaders' meetings at Petats (Buka) and elsewhere.

1.27 Major issues remain to be resolved, and political leaders inside and outside PNG consider that solving them will involve painstaking efforts from all parties over a lengthy period. Crucial to the achievement of a lasting peace are issues relating to Bougainville's ultimate place within PNG, phased withdrawal of central government troops, and the role of external participants, including the UN, in supporting the peace. Poor communications infrastructure continues to have an adverse impact on progress with the negotiations. These aspects are examined in more detail in Section Two of this report (paragraphs 2.20 - 2.22).

Constitutional Aspects

1.28 The Organic Law on Provincial and Local-level Governments was passed in July 1995, and introduced a new system of provincial and local governments.¹³ The Law created provincial assemblies and local governments to which a number of the central government's responsibilities have been transferred in an overall effort to improve the living standards of the bulk of the rural population. As a special case, Bougainville was exempted from the provincial government arrangements which applied to the other provinces, although there was a 'sunset clause' due to expire on 31 December 1998. The BTG was established in 1995 by the PNG Government as an interim provincial government pending resolution of the crisis.

1.29 In early December 1998, the PNG Parliament failed for the second time to pass legislation exempting Bougainville from the application on 1 January 1999 of the provincial government laws applying in PNG's other provinces. The Opposition insisted on amendments to the legislation, which were not acceptable to the Government, and the legislation could not be passed before the sunset clause came into effect. Had this legislation been passed, it would have opened the way for the formation of the BRG, a key element of the Lincoln Agreement.

1.30 The impasse led to the PNG Government and Bougainville leaders negotiating a revised strategy for the establishment of the BRG. This strategy involved suspension by the National Executive Council (NEC) of Bougainville's provincial government, and placing the province under NEC control. On 15 January 1999, a Bougainville Constituent Assembly (BCA) was formed by Bougainvillean leaders, with BIG Vice-Chairman Mr Joseph Kabui and former BTG premier Mr Gerard Sinato elected as Co-Chairmen. The BCA's role was to act as an advisory body to the NEC, pending the election of a BRG and endorsement by the PNG Parliament when the latter reconvenes on 13 July this year.

1.31 In January 1999, Opposition MP and Bougainville Regional Member, the Hon John Momis MP, who was denied the Governorship of Bougainville by the order to suspend Bougainville's provincial government, issued a legal challenge to its constitutionality.

1.32 These developments revealed serious divisions over Bougainville's political direction between Mr Momis and the national government (particularly Minister for State the Hon Sam Akoitai, also a Bougainvillean MP), and between the BCA leadership and other Bougainvilleans, mainly from Buka, who felt excluded from the negotiations on revised arrangements for governing the province. Although it is difficult to assess the full extent of their support, the Buka Council of Elders has in the main publicly supported the Momis challenge. Tensions have also been created by the fear held by many Bukans that the BIG leadership will dominate the BRG.

1.33 On 15 February, PNG's National Court rejected the legal challenge, and Mr Momis appealed the decision to the PNG Supreme Court. A decision is awaited.

13 Section 11 of the PNG Constitution provides that the Constitution and the Organic Laws are the Supreme Law of PNG. Organic laws, for example the Organic Law on Provincial and Local Level Government, are laws that are fundamental to the Constitution, but distinct from it. For an Organic Law to be amended, it requires enactment of another Organic law or an amendment to the Constitution.

Nevertheless, it is clear that Opposition support for legislation in the PNG Parliament is vital to the establishment of a formal provincial administration in Bougainville.¹⁴

1.34 In the meantime, the Hon Sam Akoitai, as Special Minister of State, has supervisory responsibility for the province. From the delegation's own observations it was apparent that Mr Akoitai, a traditional chief from the Wakunai district, has the trust and support of almost all the Bougainville factions.

The Peace Monitoring Group

1.35 As noted above, Annex 1 to the Lincoln Agreement (the Arawa Agreement of 30 April 1998) proclaimed the implementation of the ceasefire and provided that the PNG Government would invite Australia, Fiji, New Zealand, Vanuatu and other regional countries to participate in the group designed to succeed the Truce Monitoring Group—the unarmed and neutral PMG (Peace Monitoring Group). The parties agreed to a mandate for the PMG, as listed above in paragraph 1.23.

1.36 Currently, the PMG comprises approximately 300 unarmed personnel from Australia, New Zealand, Fiji and Vanuatu. The PMG includes representatives from all three services, as well as government officials and aid agency personnel. There are around 90 peace monitors and approximately 200 support personnel. Between 240 and 250 of the PMG's complement are Australians. The Australian civilian monitors are drawn from DFAT, the Department of Defence, the Australian Federal Police and aid agencies including AusAID and the Overseas Service Bureau.

1.37 Australia is bearing most of the cost of the PMG operation. Since May 1998, when Australia assumed command and took over a number of logistical functions from New Zealand, to the end of December 1998, Australia's estimated costs were around \$17 million for ADF additional costs (not including Defence personnel salaries) for which Defence has not received supplementation. The delegation is of the view that Defence should receive the customary supplementation for this activity. Australia's current aid budget contains provision for on-going peace-related activities such as transport for delegates to peace talks and other support of around \$6 million.¹⁵

1.38 The NZDF has provided 30 personnel for the PMG, and Fiji and Vanuatu 15 each. The new Commander of the PMG is Brigadier Simon Willis from the ADF, and the Chief Negotiator for the PMG is Mr Bruce Hunt, a DFAT officer. Brigadier Willis officially took up his appointment on 24 March 1999.

1.39 The organisation of the PMG, and location of its teamsites, are shown in Appendix 6. The PMG's mission is to facilitate, monitor and report on compliance with the cease-fire agreement.

1.40 Australia's continued participation in the PMG has been re-affirmed, although Mr Downer has stated that the PMG cannot continue for ever.¹⁶

14 Under the PNG Constitution (Sections 14, 17), no less than a two thirds absolute majority in the Parliament is required to pass amendments to the Organic Law.

15 DFAT, Submission No. 26, paragraph 39, and Attachment 1; see also Appendix 7 of this report.

16 Hon Alexander Downer MP, House of Representatives, Hansard, 10 December 1998, p. 1868.

Australian Aid to Bougainville

1.41 Australian aid to Bougainville is part of our bilateral aid program with Papua New Guinea. Australia will spend well over \$100 million over five years in the province by the end of financial year 2002/03. The following table illustrates the proportion of jointly programmed bilateral aid to Bougainville within the overall aid program to PNG from 1994-95 to 1998-99.

Table 1: Aid to PNG - 1994-95 to 1998-99

	94-95 \$m	95-96 \$m	96-97 \$m	97-98 \$m	98-99 \$m (est)
Total Aid to PNG (includes Budget support)	307.6	312.2	313.2	313.7	314.0
Aid to Bougainville (Jointly programmed bilateral aid)	2.1	1.0	5.6	18.0	20.0

Source: AusAID, 29 March 1999

1.42 AusAID has been working fairly consistently in Bougainville since 1993. Before then, only limited relief programs were operating during periods of relative calm. When fighting erupted again in September 1994, AusAID was forced to review planned reconstruction projects. Large areas of the main island were too insecure for major building projects, and the safety of aid project personnel could not be guaranteed. It was agreed with the PNG Government to refocus the restoration program on the peaceful areas in the north of the province, including the island of Buka and small controlled areas in the far north of the main island.¹⁷

1.43 The aid program continues to focus on supporting the Australian Government's commitment to facilitating the peace process and promoting reconstruction and development via a peace dividend, which aims to encourage Bougainvilleans to support the peace. Total expenditure on Australian aid to Bougainville since 1991 is around \$43 million. In August 1997, Mr Downer committed \$100 million from the bilateral aid program over five years for reconstruction and rehabilitation programs, targeted towards health, education and transport infrastructure.¹⁸

1.44 Around \$11 million of the aid package announced in 1997 has already been spent, and a further \$30 million is committed for activities which are already under way or will be commenced in the near future. These activities include the rebuilding of damaged or destroyed infrastructure, assistance in restoration of basic services and direct support for peace initiatives. Appendix 7 lists current Australian aid projects (both planned and under way) in Bougainville, together with anticipated completion dates.

1.45 The following Section highlights the main issues raised during the visit, and sets out the preliminary conclusions reached by the delegation members.

17 Australian Agency for International Development (AusAID), *Supporting Peace on Bougainville - Rehabilitating Basic Services*, September 1997.

18 DFAT www.geo.gov.au/geo/spacific/png, 10 March 1998; Submission No. 26, paragraph 42.

