

BOUGAINVILLE

BLOOD on our HANDS



Australia's role
in PNG's war

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<u>EXECUTIVE SUMMARY</u>		

Background and Conditions in Bougainville During the War

The report begins with a detailed analysis of the origins, development and impact of the conflict in Bougainville. The war worsened considerably in 1996 as the PNG government chose to abandon attempts to peacefully negotiate a settlement, instead launching "Operation High Speed II".

The Defence Co-operation Program (DCP)

- Administered by the Australian Department of Defence, in consultation with the PNG Government. Currently under review.
- Worth \$250.5 million since 1988-89, \$11.8 million this financial year.
- Supplies light and heavy weaponry, including guns, ammunition, mortars, bombs, patrol boats, speed boats, helicopters, and Nomad aircraft, all of which have been used in Bougainville.
- Australian military advisers are posted in Bougainville, and almost half the PNG Defence Force (PNGDF) - 2,000 personnel - have been brought to Australia since the war began in 1989.
- The Australian Government has not been able to control how equipment is used in Bougainville. Efforts to prevent its use in combat have failed.
- The focus of the DCP has shifted from infrastructure and capability support to training and personnel assistance to the PNGDF. This re-organisation defies recommendations of the 1994 Australian Parliamentary Delegation to Bougainville that Australian support to the PNGDF be confined to its role in restoring Bougainville infrastructure.
- The DCP is prolonging the war in Bougainville and aiding and abetting numerous human rights violations perpetrated by the PNGDF.

RECOMMENDATION 1:

Australia should immediately suspend all military assistance to PNG. This suspension should continue until the war has ended and a satisfactory peace has been negotiated in Bougainville.

A thorough review should be conducted of all forms of military assistance to PNG, examining the objects and mechanisms of the program, with a particular focus on eliminating possible complicity in human rights violations.

DEVELOPMENT ASSISTANCE

- PNG is the largest recipient of Australian bilateral aid, totalling \$319.5 million in 1996-97. This year, the program is roughly evenly divided between program aid and budget support (\$154.9m and \$142.2m respectively), but budget support is to be phased out by 2000.
- Since 1991, \$24 million has been allocated to the Bougainville Restoration Program, but only a third of this has been spent. There is concern that the money that has been spent favours areas controlled by the PNGDF, or has been allocated inefficiently because of bureaucratic ineptitude.
- \$80 million is spent on training for the Royal PNG Constabulary. The Defence Minister is presently considering a proposal to amalgamate the army and police force into a single para-military force.
- Australian development assistance "frees up" money for the PNG government to channel into the war effort.
- A recent AusAID report on the PNG economy fails even to mention the war, suggesting that AusAID is somewhat oblivious to the conflict.

RECOMMENDATION 2:

Australia should immediately suspend the entire Development Co-operation Program until the war in Bougainville is over and a satisfactory peace has been negotiated.

Prior to resuming the Development Co-operation Program, a thorough review should be conducted to provide a more streamlined, equitable and accountable aid program to PNG.

Due to a complete lack of accountability, the Budget Support component of the Development Co-operation Program should immediately be abandoned, the whole Program consisting only of tied Program Support.

TABLE OF ACRONYMS

BCL	Bougainville Copper Ltd
BIG	Bougainville Interim Government, the political arm of the BRA
BRA	Bougainville Revolutionary Army
BTG	Bougainville Transitional Government
CRA	Conzinc Rio Tinto Australian Limited
PLA	Panguna Landowners Association
PNG	Papua New Guinea
PNGDF	Papua New Guinea Defence Forces
RPNGC	Royal Papua New Guinea Constabulary
RTZ	Rio Tinto-Zinc Corporation Pty Ltd

1. BACKGROUND INFORMATION

1.1. Geography

Bougainville is situated in the far western tip of the Solomon Islands archipelago and is geographically much closer to the Solomons than to PNG. Bougainville is 208 km long and 96 km wide. It is a tropical, and mountainous island. The capital of the island is Arawa but this township has been largely destroyed and deserted. For practical purposes the capital is now Buka.

1.2. Population

The last census, conducted in 1980, stated the population of Bougainville as 108,726. Despite the war, the growth rate of the population has been around 4.1 percent¹. Presently, the population of Bougainville is estimated to be around 170,000². The people of Bougainville are Melanesian. There are 19 different language groups.

Bougainvilleans trace their clan through their mothers and land ownership in most communities is traced through the mother³. The majority of Bougainvilleans are subsistence farmers and grow crops such as taro, sweet potato and breadfruit. Prevalent cash crops include cocoa and copra. About 60% of the cash crops are grown by small holders. Since the outbreak of war, plantations have been abandoned and the production of small holder cash crops declined dramatically⁴.

1.3. Political Control

Bougainville was seized by Germany in the late nineteenth century and was administered by Germany until the outbreak of World War 1. After this, PNG and Bougainville became mandated territories of Australia⁵. Whilst under German administration, coconut plantations were established, indigenous labour was indentured to the plantations, and a plantation economy developed⁶. Under Australian administration, the indenture programs - often involving widespread displacement of the people - continued with 3400 Bougainvilleans working under indenture by 1939⁷.

The Japanese invaded Bougainville in 1942 and this resulted in the evacuation of most Australians from the island. Whilst the Japanese were initially welcomed by the Bougainvilleans, resentment and aggression grew as the Japanese became increasingly cut off from their supplies and more aggressive toward the local population. Australia recaptured the island in late 1944-45⁸.

Prior to its own independence, PNG granted provincial government to Bougainville on 27 November 1973⁹. Australia granted independence to PNG on 16 September 1975, but fifteen days before this, Bougainville had unilaterally declared its independence¹⁰. This was ignored by PNG and secessionist sentiments have simmered ever since.

1.4. Mining

Whilst under Australian administration it was discovered that Bougainville was rich in copper. Citing an Australian High Court ruling as authority, Australian administrators informed Bougainvilleans that anything below the surface of the land, including minerals, belonged to the government, and not to the

¹ *Report of the Australian Parliamentary Delegation to Bougainville* (April 1994) (Hereafter, "the Report"), p. 6-7.

² Greg Roberts, "PNG's Agony: 10,000 dead", *Sydney Morning Herald*, 13 July 1996.

³ Report., p. 5.

⁴ *ibid.*, p.5.

⁵ Report., pp. 2-3.

⁶ Report., pp. 2-3.

⁷ Oliver Douglas, *Black Islanders: A Personal Perspective on Bougainville 1937-1991*, pp 49, 56.

⁸ Report., p. 4.

⁹ Sean Dorney., *Papua New Guinea: People, Politics and History since 1975*, (Sydney: Random House, 1993)., p. 133.

¹⁰ *ibid.*, p. 124

titleholders of the land. This caused much resentment¹¹. CRA Exploration began drilling in the Panguna area in 1964¹². The Panguna copper mine opened in 1972 and large scale mining began in April 1973 and was based on the Bougainville Copper Agreement made by CRA and the Australian Colonial Administration subsequently ratified by the PNG House of Assembly in 1967.

At the time of its inception, the Panguna mine was the largest mine in PNG. The mine was run by Bougainville Copper Ltd (BCL), a subsidiary of Conzinc Riotinto Australian Ltd (CRA), which in turn is majority owned by a British company, Rio Tinto-Zinc Corporation Pty Ltd (RTZ)¹³. The construction and operation of the mine necessitated the development of roads, port facilities, power generation and the building of the town of Arawa, and the development of housing, health and educational facilities for the workers. The mine was a major employer of Bougainvilleans¹⁴.

The mine contributed 40% of PNG's national exports and 17% of its GDP¹⁵. Of the \$1,700 million profit the mine generated between 1972-1989, the PNG government received 61.4%, private investors received 32.8%, with the traditional land owners obtaining only 1.6%¹⁶.

Whilst the mine contributed revenue, infrastructure and the development of services, it also caused much environmental, social and economic damage to the local inhabitants, fuelling local resentment. To make way for the mine, forests were cleared and a hole was gouged into the earth measuring 6 kms in length, 4 km in width and half a km in depth by 1988. Tons of overburden and tailings were disposed of on the banks of the Kawerong or washed into the Jaba River, changing its flow and poisoning the water.

The mine necessitated the re-location of many people. Whilst compensation was paid for dislocation, and a very small percentage of royalties did go to the local land owners, the people complained that this was insufficient and that not all affected people were eligible for payment¹⁷.

In 1987, a dispute flared over environmental damage caused by the mine. A group led by Peptua Serero and Francis Ona set themselves up in opposition to the traditional landowners association (the Panguna Landowners Organisation (PLA) who were criticised as being too conciliatory towards BCL, mismanaging the distribution of benefits, and for failing to represent the majority of residents who were not land title-holders¹⁸. This breakaway group demanded far more compensation than BCL would offer, demanding 10 billion Kina in compensation, 50% of BCL profits and greater environmental protection¹⁹. This group eventually became the core of the BRA.

1.5. The War

The failure to reach any compromise led to a program of disruption and sabotage of mining operations in November 1988. Violence erupted in January 1989 and the riot police acted with an excessive amount of force, abusing the population and destroying houses. In March 1989 the riot police were reinforced by the PNGDF²⁰. The mine closed on 15 May 1989.

During 1989 -1990 the PNG Government offered compromises to the BRA which were rejected. These offers included²¹:

¹¹ Report., p. 9; Dorney., op. cit., p.117.

¹² Dorney., op. cit., p. 117-8.

¹³ *ibid.*, p. 125.

¹⁴ Report p. 10.

¹⁵ Department of Foreign Affairs and Trade, *PNG (Country Economic Brief)*, March 1996, p.11.

¹⁶ Candace Sutton, "The Destruction of Paradise", *Sun-Herald*, 8 September 1996, p.38

¹⁷ Report., p. 10.

¹⁸ Amnesty International, *Under the Barrel of a Gun: Bougainville 1991-1993* (1993)., p. 3.

¹⁹ Report., p.11.

²⁰ *ibid.*, p. 11.

²¹ *ibid.*, p. 12.

- the 'Doi Package' of 25 April 1989: an offer to increase the PNG Government's commitment to development of Bougainville's infrastructure - a 19% equity in the mine going to the Bougainville government;
- the 'Bika Report' of 17 May 1989: proposed that the Bougainville government should control the mine and retain 75% of the profit. In September 1989 a settlement proposal based on this report was negotiated but was abandoned before it was signed due to the murder of Mr John Bika, the author of the report.

The settlement offers alternated with heavy handed military responses, the PNGDF committing numerous human rights violations. These violations left a legacy of fear on the part of the civilian population²². After the murder of John Bika, violence and the abuses by the PNGDF escalated²³. Amnesty International has documented evidence of widespread PNGDF involvement in extra-judicial executions, beatings and intimidation of people. Whilst the PNG Government has promised to investigate and punish these abuses, no investigations have yet occurred.

In June 1989 the PNG Government declared a state of emergency in Bougainville and in July the Australian Government provided PNG with 4 Iroquois helicopters, from which 5 bodies were dropped into the sea in February 1990 as part of the St Valentine's Day massacre carried out by the PNGDF²⁴. PNG relented in March 1990, announcing a cease-fire and withdrawing the PNGDF.

The newly formed political arm of the BRA, the Bougainville Interim Government (BIG), led by Francis Ona, unilaterally declared independence on 17 May 1990. The PNG Government rejected this declaration and on 18 May 1990 formally imposed an economic and communications blockade on Bougainville²⁵. There followed a series of failed negotiations and broken agreements. In August of that year, the Endeavour Accords were signed on the New Zealand warship, the Endeavour, by the BRA and the PNG Government. These Accords aimed to restore services but were never implemented because of disagreements as to who would provide the services.

Tensions escalated between the PNG Government and the BRA, and in September 1990 the PNG Government landed the PNGDF and police Riot Squad troops on Buka. In PNGDF's struggle to control Buka, the BRA sustained heavy loss of life, and there were numerous reports of extra-judicial execution and torture of villagers by the PNGDF²⁶.

On 23 January 1991, the Honiara Declaration was signed by the BRA and the PNG Government. This Agreement provided for the annulment of the declaration of independence, an armistice, the lifting of the blockade and restoration of services, the establishment of a Multinational Supervisory Team to supervise the truce, and an amnesty to BRA troops.

However, a few hours after signing, the BRA repudiated the agreement. For the next few months, representatives of the BRA gave varying accounts of whether the Honiara Declaration had been accepted or rejected. These moves - combined with the BRA's turning back of a ship carrying relief supplies at Kieta in February 1991, despite assurances that the ship would be free to unload its cargo - suggested internal leadership disputes were emerging within the BRA²⁷.

During these months, the Honiara Declaration was partially implemented, although the PNG Government often breached its terms. The PNG government failed to institute the Multinational Supervisory Team to supervise the truce, were slow to make funds available to restore services, and in

²² *ibid.*, p. 11.

²³ *ibid.*, p. 12.

²⁴ *ibid.*, p. 12

²⁵ Amnesty International., *op. cit.*, p. 4.

²⁶ *ibid.*, p. 4

²⁷ *ibid.*, p. 5; Report., p. 13.

contradiction to the commitment to grant an amnesty, continued to arrest suspected BRA members throughout 1991²⁸.

PNGDF troops landed on Bougainville for a second time on 14 April 1991. The PNG Government initially claimed that this was an unauthorised landing, later admitting that it had been authorised at the request of village chiefs in the north. The Government maintained that the local people wanted the troops to stay and so they remained²⁹.

For the remainder of 1991, conflict between the PNGDF and the BRA continued. In late 1991 the PNG Government began negotiating with non-BRA regional leaders to establish service and infrastructure restoration programs. In October 1991, the Provincial Affairs Minister announced the creation of the South Bougainville Interim Authority to coordinate the restoration program. However, the PNG Government never provided the Authority with the funding promised to conduct the program. In December 1991, the PNG Cabinet approved the creation of five more Interim Authorities which would be responsible for allocating funds for restoration projects³⁰.

Violence escalated in early 1992 when fighting broke out between the BRA and pro-government groups near Arawa. The PNG Government sent patrol boats, purportedly to "rescue" 600 villagers caught up in the fighting. In fact the boats fired upon the BRA. The Government eventually admitted that the PNGDF was involved in the fighting. Throughout 1992 the PNGDF took control of more of Bougainville. In May 1992, the PNGDF landed in South-western Bougainville at Siwai and Torokina, and by mid-1992 had regained control of parts of Northern and Southern Bougainville. On 22 October 1992, government troops and PNGDF vessels moved into Central Bougainville and on 13 February 1993, the PNGDF had entered Arawa. Throughout the course of this offensive there were claims that the PNGDF fired indiscriminately at civilians and destroyed houses and livestock³¹. By early March 1993, there were nearly 1000 government troops on Bougainville³².

In 1993, Amnesty International described the PNG government's position thus:

"...the PNG Government has claimed it is committed to the peaceful resolution of the conflict in Bougainville and to the full restoration of services to the island. Its actions suggest otherwise. Available evidence points to the pursuit of a military rather than political solution to the conflict"³³.

Negotiations for resolution of the crisis resumed in April 1993, when 500 Bougainvilleans and 150 traditional leaders came together in Buka for the Bougainville Leaders Forum. They resolved that the PNGDF should stay, that the Provincial Government be reinstated, that a negotiation committee be formed and that the BRA leadership be invited to the next meeting³⁴. This meeting agreed that secession was an impediment to the peace process, but was mindful that Bougainvilleans had been denied the right to benefit from their natural resources and questions of rights needed to be addressed³⁵.

By mid 1994, fighting in Bougainville had decreased, although services and infrastructure were devastated. There was widespread sentiment that a solution could not be reached through continued fighting. At this time, however, the "Resistance" emerged. The Resistance included ex-BRA members

²⁸ Amnesty International., op. cit., p. 5

²⁹ *ibid.*, p. 5.

³⁰ *ibid.*, p. 6.

³¹ *ibid.*, p. 7.

³² *ibid.*, p. 7.

³³ *ibid.*, p. 5.

³⁴ Report., p.14.

³⁵ Amnesty International., op. cit., p. 7.

who engaged in widespread "payback". The command structure of this organisation was uncertain, although it had links to the PNGDF³⁶.

By the time of the Australian Parliamentary Delegation's visit to Bougainville in April 1994, there was a widespread feeling in Bougainville that secession was no longer a central issue. The main desire was that normal life should resume³⁷.

When Sir Julius Chan became Prime Minister of PNG in August 1994, he raised hopes of a negotiated solution to the conflict and established the Bougainville Transitional Government (BTG), led by Mr Theodore Miriung, a former PNG judge and also a former legal adviser to the BRA³⁸. However, in the negotiations that followed, no meaningful compromises were reached³⁹. A new start on the peace negotiations was made in December 1995 when representatives of the PNG Government and Bougainville Interim Government (BIG) met in Cairns, Queensland. At the conclusion of this round of talks, it was resolved that further negotiations would be held.

The peace process came to an abrupt halt. The BRA alleged that on 3 January 1996, the PNGDF attempted to murder the entire Bougainville Interim Government delegation as it was returning from the Cairns Peace talks⁴⁰. 1996 saw the PNG government abandon any rhetorical commitment to peace, and a series of developments have increased bitterness on all sides. These developments include:

- In January 1996, Sir Julius Chan effectively cancelled the planned peace talks due to be held from March - April, because he would not permit the negotiations to be held outside PNG⁴¹.
- On 2 February 1996, the Honiara-based house and headquarters of a BIG spokesman, Mr Martin Miriori, was fire-bombed⁴². Many suspect that the PNG Government was behind this attack⁴³.
- On 21 March 1996, Sir Julius Chan gave a half hour address to the nation entitled, "To Turn the Bougainville Crisis". This address was carried on national radio and in full-page advertisements in national newspapers. During this address, Chan rejected the possibility of a political settlement of the crisis, resolving to rely on a military solution⁴⁴.
- The PNG Government unilaterally lifted the 18 month cease-fire agreement on 23 March 1996⁴⁵.
- The PNG Government launched an offensive, "Operation High Speed II" on 21 June 1996 this year aimed at taking the abandoned Aropa international airport, 32 km south of Arawa⁴⁶.
- On 8 September 1996, 13 PNGDF soldiers were shot dead, fuelling widespread resentment in PNG⁴⁷. Whilst the massacre was initially blamed on the BRA, it has since

³⁶ Report., p.18

³⁷ *ibid.*, 41.

³⁸ Rowan Callick, "Why Julius Chan must solve the Bougainville conflict", *Australian Financial Review*, 24 June 1996.

³⁹ *ibid.*

⁴⁰ "PNG army massacres civilians", *Garamut Newsletter: Bougainville Freedom Movement*, Autumn 1996, p. 2.

⁴¹ Sam Valum, "Cease-fire broken", *Pacific Islands Monthly*, May 1996, p. 16; Mary-Louise O'Callaghan, "Sir Julius must avoid monsters", *The Australian*, 30 March 1996, p. 14.

⁴² Sam Valum, "Security Tight on Bougainville", *Pacific Islands Monthly*, March 1996, p. 42.

⁴³ See, for instance: "Garamut Editorial", *Garamut Newsletter: Bougainville Freedom Movement*, Autumn 1996, p1.

⁴⁴ "Chan's national address - Bougainville's "hour has arrived" ", *Garamut Newsletter, Bougainville Freedom Movement*, Autumn 1996, p. 4.

⁴⁵ Sam Valum, "Cease-fire broken", *Pacific Islands Monthly*, May 1996, p. 16; Mary-Louise O'Callaghan, "Sir Julius must avoid monsters", *The Australian*, 30 March 1996, p. 14.

⁴⁶ Moses Havini, Media Release, *BRA Victory as PNG Troops Defeated*, Monday 15 July 1996, p. 1.

been confirmed that the massacre was largely the work of the Resistance who were angered by drunken PNGDF soldiers abusing the local population⁴⁸.

- On 12 October 1996, Theodore Miriung, Premier of the Bougainville Transitional Government, was shot dead. This assassination was initially blamed on the BRA. However, a PNG government-instituted investigation headed by Justice Suntheralingham, a former Sri Lankan High Court judge, found that the PNGDF, in league with the Resistance, were responsible for the murder⁴⁹.
- On 28 November 1996, between 10-20 civilians were killed when mortars hit a Catholic Church during morning mass. The PNGDF have been implicated in this massacre⁵⁰.
- On 1 December 1996, the PNGDF raided a village in the Siwai District, killing up to 15 people. There were widespread allegations that dum dum bullets, which shatter on impact and which are banned under the Geneva Convention, were used⁵¹. The Australian government expressed concern over this accusation and over reports that the PNGDF were involved and Mr Downer held private talks with the PNG government⁵². There are also claims that chemical weapons are being used⁵³, and that the PNGDF is planting landmines⁵⁴.
- On 22 February 1997, it was revealed that up to 150 mercenaries had arrived in PNG, at the behest of the PNG government. The government claimed that they were hired to train local forces, but investigations have revealed the mercenaries have been contracted to execute a "surgical strike" against BRA leaders on Bougainville⁵⁵.

Fighting in Bougainville continues to this day.

Bougainvillean perceptions of the BRA have allegedly changed during the course of the war. According to the April 1994 Australian Parliamentary Delegation, 1989-1990 was a turning point for the BRA. Their high-point of popular support had faded as civilians became increasingly fearful of the BRA and increasingly frustrated at the hardships they had to endure. However, Amnesty International

⁴⁷ In response, the families of the dead soldiers presented Prime Minister Chan with a petition. (Mary-Louise O'Callaghan, "Treachery Theory in PNG Massacre", *The Weekend Australian*, 21-22 September 1996, p.16.)

⁴⁸ *ibid.* Others allege that the BRA were involved in an attempt to free 1000 civilians from the Kangu care centre who wanted to return to their villages because of the food shortages and poor conditions rife in the centre. (Craig Skehan, "Papua New Guinea: Australia Holds its Fire while Bougainville Bleeds", *Sydney Morning Herald*, 24 December 1996, p. 13.)

⁴⁹ Lucy Palmer, "Troops 'helped killing' of Bougainville Leader", *Sydney Morning Herald*, 30 November 1996, p. 17.

⁵⁰ Lucy Palmer, "PNG Troops accused after 20 die in raids", *Sydney Morning Herald*, 7 December 1996, p. 21; Craig Skehan, "Papua New Guinea: Australia Holds its Fire while Bougainville Bleeds", *Sydney Morning Herald*, 24 December 1996, p. 13. The BIG contends that between 26 November 1996 and 1 December 1996, up to 100 civilians were killed by the PNGDF and Resistance (BIG Media Release, 5 December 1996). There were reports of continuing PNGDF and Resistance assaults on civilians throughout November and December 1996, but as O'Callaghan notes, "With the army controlling access to the island and preventing almost everyone, including journalists and international agencies, from visiting, it has proved almost impossible to confirm these". (Mary-Louise O'Callaghan, "Paradise lost", *The Australian*, 13 December 1996, p.13.)

⁵¹ Lucy Palmer, "PNG Troops accused after 20 die in raids", *Sydney Morning Herald*, 7 December 1996, p. 21; Craig Skehan, "Papua New Guinea: Australia Holds its Fire while Bougainville Bleeds", *Sydney Morning Herald*, 24 December 1996, p. 13.

⁵² Mary-Louise O'Callaghan, "PNG Troops use dum dum bullets", *The Australian*, 13 December 1996, p. 1; Craig Skehan and Lucy Palmer, "Canberra presses PNG over killings", *Sydney Morning Herald*, 14 December 1996, p. 18. There is evidence that the PNGDF has been using dum dum bullets on and off over the last three years. They are dubbed "Australian bullets" in Bougainville because of the widespread view that it is Australia's Defence Co-operation Program with PNG that allows the PNGDF to continue fighting the war. (Mary-Louise O'Callaghan, "PNG Troops use dum dum bullets", *The Australian*, 13 December 1996, p. 1; Mary-Louise O'Callaghan, "Paradise lost", *The Australian*, 13 December 1996, p.13.)

⁵³ Staff at Arawa hospital have reported that people were turning up with "strange ulcerated burns". (Debra Jopson, "Landmines in PNG raise doubts over aid", *Sydney Morning Herald*, 14 October 1996.)

⁵⁴ Debra Jopson, "Landmines in PNG raise doubts over aid", *Sydney Morning Herald*, 14 October 1996.

⁵⁵ Mary-Louise O'Callaghan, "PNG hires mercenaries to blast rebels", *The Weekend Australian*, 22-23 February 1997, p. 1.

points out that some of this resentment may have been a carefully orchestrated outcome on behalf of the PNG Government:

"evidence suggests that the deliberate withholding of goods and services may serve to complement the military strategy, to force the civilian population to withdraw support for the secessionist movement and accede to central government authority"⁵⁶.

There are fears that the PNG Government has lost control of the PNGDF. The Defence Forces have poor morale, inadequate financial and political support, a shortage of weapons and personnel. One solution has been to recruit and arm local Bougainvilleans who comprise the Resistance. The danger this brings comes in mixed loyalties and the difficulty of disarming them after the war⁵⁷.

⁵⁶ Amnesty International, op. cit., p. 5.

⁵⁷ Michael O'Connor, "Overall best defence in PNG", *The Australian*, 20 December 1996.

2. CONDITIONS IN BOUGAINVILLE DURING THE WAR

2.1. Varying Accounts

Throughout the war, perceptions of the conditions in Bougainville have varied. For instance, in mid-1992 and May 1993 respectively, two Australian media teams visited Bougainville and, after interviewing people in "care centres", concluded that the people were fearful of the BRA and grateful to the PNGDF. In contrast, an Australian human rights lawyer, Rosemarie Gillespie, has released a number of statements and reports revealing widespread human rights violations and suffering as a result of the PNG blockade⁵⁸.

2.2. Lack of Independent Monitoring

PNG has almost completely blocked access to Bougainville by journalists, aid agencies and the churches which makes it almost impossible to obtain accurate information. This is despite UN Resolutions calling upon the government to permit international organisations regular and free access⁵⁹. An assessment of conditions in Bougainville has been made all the more difficult in recent years because outsiders cannot access BRA controlled areas.

The International Red Cross pulled out of Bougainville, withdrawing all aid in July 1996, alleging that the PNGDF had put the lives of aid workers at risk. This means that no non-government aid agencies currently have a presence in Bougainville⁶⁰.

2.3. Care Centres

According to the PNGDF, their main aims are the maintenance of security and restoration of order on Bougainville. In pursuit of these goals, numerous "care centres" have been established throughout Bougainville, being most concentrated in the South. In early 1994, it was estimated that between 42,000 - 50,000 Bougainvilleans were in care centres⁶¹, and by 1996 this had grown to 70-80,000⁶². In the 20% of Bougainville controlled by the BRA, some care centres shelter almost the entire local population⁶³. North Nasioi care centre has 13,000 people crammed into it and another 14 centres are home to more than 1,000 people each. The Coastline, Sovele and Sikoreva centres each shelter between 5,000 - 7,000 people⁶⁴.

The North of Bougainville, where Buka is situated, is the most secure area, whilst the Central and South remain largely under the control of the BRA. As the North becomes more secure the numbers in the care centres are declining⁶⁵. Central Bougainville is the least secure part of the island and is the BRA stronghold. This is where the Panguna mine is located. The township of Arawa has been largely destroyed and deserted. There is a high amount of tension and sense of vulnerability expressed by the remaining residents. The conditions in the care centres are very primitive⁶⁶.

There are conflicting reports about the merits of the PNGDF care centres. The April 1994 Australian Parliamentary Delegation reported that it saw or heard no evidence to justify allegations about mistreatment and abuse of civilians by the PNGDF in the care centres⁶⁷, but did note that conditions in the care centres varied considerably, and that in the higher security risk areas, the conditions in the centres were more difficult because people could not garden and were thus dependent on the

⁵⁸ Report., p.15.

⁵⁹ Amnesty International., op. cit., p. 23.

⁶⁰ "Red Cross withdraws all aid amid PNG 'misinformation'", *Sydney Morning Herald*, 11 July 1996, p. 12.

⁶¹ Report., p. 25.

⁶² Greg Roberts, "The people who can't go home", *Sydney Morning Herald*, 13 July 1996, p. 34.

⁶³ *ibid.*

⁶⁴ *ibid.*

⁶⁵ Report., pp. 18-19.

⁶⁶ *ibid.*, pp. 21, 28.

⁶⁷ *ibid.*, p. 24.

importation of food⁶⁸. More recently, aid organisations have said that the centres in central and southern Bougainville are like prison camps, with armed guards controlling the perimeters and residents requiring permission to leave⁶⁹.

Often people were fearful of going to the care centres because of the behaviour of the PNGDF, and because the BRA had threatened to harm them if they went to the care centres. People were also deterred by the deprivations and restrictions of life in the care centres. However, other people were extremely grateful for the protection offered by the centres⁷⁰.

2.4. Effects of the Blockade

The blockade of Bougainville by PNG has caused widespread suffering. In May 1991, it was reported to the PNG Parliament that an estimated 1,500 people had died as a result of the conflict, and that since the blockade was imposed a further 3,000 had died of malnutrition and preventable diseases such as malaria⁷¹. Some reports estimate deaths result from the blockades as being as high as 10,000⁷². As part of the Honiara Declaration in January 1991, the PNG Government agreed to lift the blockade and some measures were taken to restore goods and services, although only certain areas of Bougainville have benefited.

Various aid organisations have claimed they have been prevented by the PNGDF from landing on Bougainville in order to distribute essential medical supplies. For instance, the PNGDF stopped a shipment of Red Cross medical aid to central Bougainville in June 1992. In June 1993, a Red Cross official was prevented from visiting Bougainville to obtain first-hand information about care centres and medical supplies in hospitals. BRA forces have also been accused of preventing the delivery of aid agency supplies⁷³.

2.5. Human Rights Abuses

In November 1993, Amnesty International released a report, *Under the Barrel of a Gun: Bougainville 1991-1993*, which concluded that there had been numerous human rights violations including extra-judicial killings, torture, and rape, perpetrated by both the PNGDF and the BRA.

Amnesty found that between 1991-1993, PNGDF troops had extra-judicially killed at least 60 people, and had subjected dozens more to torture and beatings⁷⁴. Amnesty was particularly critical of the PNG Government's failure to allow independent monitoring of the situation in Bougainville, for failing to effectively supervise and monitor the PNGDF, and for failing to investigate abuses by the PNGDF, despite public commitments by the PNG Government that such investigations and disciplinary actions would take place. The Amnesty International report noted that, "government and military restrictions on access to the island have meant that the security forces have been virtually free from public scrutiny and that proper human rights monitoring has been impossible to undertake"⁷⁵.

Amnesty notes that BRA abuses have included, "summary executions of those accused of "betraying" the independence movement; the killing, harassment and torture of civilians living in government-controlled camps known as care centres; and the rape of women accused of being in contact with government troops"⁷⁶.

⁶⁸ *ibid.*, p. 26.

⁶⁹ Greg Roberts, "The people who can't go home", *Sydney Morning Herald*, 13 July 1996, p. 34

⁷⁰ Report., p. 17.

⁷¹ Amnesty International., *op. cit.*, p. 8.

⁷² Greg Roberts, "PNG's agony: 10,000 dead", *Sydney Morning Herald*, 13 July 1996; the "Background Information on the Bougainville Crisis" broadsheet says that these reports have come from health workers and the Uniting Church (see:<http://www/magna.com.au/~sashab/background.htm>)

⁷³ Amnesty International., *op. cit.*, p. 8.

⁷⁴ *ibid.*, p. 1.

⁷⁵ *ibid.*, p. 1.

⁷⁶ *ibid.*, p. 1.

2.6. Infrastructure

Because the PNG Government largely prevents access to Bougainville, up to date and accurate information about Bougainville's infrastructure is almost impossible to obtain. The information in the following section is largely drawn from the Australian Parliamentary Delegation's 1994 Report. Given the heavy fighting throughout 1996, there is nothing to suggest that the situation would have improved since 1994. More likely, it has deteriorated even further.

2.6.1 Health

Health facilities are very poor in Bougainville. Health infrastructure is sadly lacking and only two hospitals remain open on the island, both in a state of poor repair. There is a district hospital at Sohano, 10 health centres, 22 sub-health centres and 84 aid posts. The major hospital in Bougainville was located in Arawa and was destroyed by the BRA in February 1993⁷⁷.

Immunisation programs have declined markedly and many drugs are only intermittently available, if at all. There is an acute shortage of trained medical staff and health professionals, largely attributable to a lack of adequate pay and the continuing threat of violence⁷⁸.

Health problems have been exacerbated by the war. People were often living in filthy and unhygienic conditions with inadequate shelter. Many suffer from malnutrition and medical conditions were going untreated because of a lack of medical supplies⁷⁹.

2.6.2. Education

Since the war began, normal cycles of study, examination and graduation to employment have not been possible. Adolescents have been drawn into the fighting and uncontrolled gangs of youths operate in BRA areas⁸⁰. Youth leaders in Bougainville have expressed concern that there is little prospect of employment and that the youth of Bougainville are "divorced...from a sense of reality and authority" and "lack...leadership, direction, purpose and morality"⁸¹.

By early 1994, of the 148 primary schools in Bougainville, 47 were closed. Of the seven high schools in Bougainville, three were operating, two were closed and two were reported targets for BRA activity⁸². Whilst full schooling was restored in Buka, a PNGDF controlled area, schooling conditions in central Bougainville are at their worst: by 1994, 25 of the 27 schools in this area were closed. Even where schools remain open, there is a shortage of trained teachers due to poor security conditions and a lack of funding⁸³.

2.6.3. Transport

Wartime destruction of infrastructure and the endemic problems in administration, which affect all parts of PNG, have meant that few viable roads remain in Bougainville. By early 1994, there were few serviceable roads in all weather conditions. The roads in the Central and South districts of Bougainville are the worst affected, and many are closed due to security risks. The roads that remain are plagued by banditry. This makes it impossible to deliver the necessary food, clothing, medicines and equipment to many parts of the island and has resulted in many hardships⁸⁴.

⁷⁷ Report., p. 6.

⁷⁸ *ibid.*, pp. 28-29.

⁷⁹ *ibid.*, p. 20.

⁸⁰ *ibid.*, p. 30.

⁸¹ *ibid.*, p. 31.

⁸² *ibid.*, p. 6.

⁸³ *ibid.*, pp. 30-31.

⁸⁴ *ibid.*, pp. 31-32.

As at 1994, there were six operational airfields, although most had limited capacity and were constrained by the security situation. Buka had the only airport of any great capacity⁸⁵.

As at 1994, Buka was the only operational port and was in need of repair. The lack of operational ports severely hampers efforts to supply goods and services⁸⁶.

The extreme shortage of transport infrastructure places extreme restrictions on the delivery of goods and supplies.

2.6.4. Business

The economy of Bougainville has collapsed because of the war and all businesses, Bougainvillian-owned or otherwise, have sustained huge losses. As the Australian Parliamentary delegation noted, "not only has the mine closed, but the plantations have been abandoned, [and] trade and the distribution of goods is inhibited by the security situation, the lack of infrastructure and the unwillingness of banks to offer loans or insurance companies to give insurance on buildings or stock"⁸⁷.

3. MILITARY FUNDING

There is widespread agreement that there cannot be a military solution to the conflict in Bougainville. The 1994 Australian Parliamentary Delegation to Bougainville concluded in its report that "there can be no military solution to the conflict on Bougainville"⁸⁸. In early 1996, Foreign Minister Alexander Downer said, "The Australian Government does not believe that there can be a military solution"⁸⁹. He has repeated this ever since. This being the case, it is hard to see why the Australian government continues to implicate itself in the war, through the defence assistance and development co-operation programs.

3.1. Outline of the Defence Co-operation Program (DCP)

Australia's military assistance to PNG is channelled through the Defence Co-operation Program (DCP). As outlined below, it is highly likely that PNG uses this money to help fund the war in Bougainville. Since 1988-89, Australia has poured \$250.5 million into the DCP, supplying both training and arms⁹⁰.

Arms, including guns, ammunition, mortars, and bombs are also supplied through Australia's Supply-Support Agreement, which enables PNG to purchase Australian armaments at reduced rates⁹¹. Approximately 2000 personnel, almost half of the entire PNGDF, have been brought to Australia for training since the war began, and there are numerous Australian military advisers in Bougainville⁹². Australia also supplies PNG with Pacific Class patrol boats, speed boats, Iroquois helicopters and Nomad aircraft, all of which have been used to enforce the blockade on Bougainville.

⁸⁵ *ibid.*, pp. 5-6, 32.

⁸⁶ *ibid.*, 5-6, 32.

⁸⁷ *ibid.*, p. 32.

⁸⁸ Report., Conclusion 6.2, p. 41.

⁸⁹ Sam Valum, "Cease-fire broken", *Pacific Islands Monthly*, May 1996, p. 17.

⁹⁰ Senator Dee Margetts, "Australia's Involvement in the Crisis: Environment/Mining/Government/Defence Issues".

⁹¹ *ibid.*

⁹² "Background Information on the Bougainville Crisis: (see:<http://www/magna.com.au/~sashab/background.html>)

The high point in military funding was in the early 1990s, when Iroquois helicopters and Patrol Boats amounting to around \$50 million were given to PNG. The Portfolio Budget Statements reveal that \$14.8 million was provided to PNG under the DCP in 1995-6. This is projected to drop to \$11.8 million in 1996-7⁹³. To put this in perspective, Australia provides most other South Pacific nations with less than \$1 million in defence co-operation money⁹⁴.

In the past, maintenance of equipment has required a sizeable proportion of the DCP money. Over the last 5 years, \$1.9 million has been spent on maintaining the Iroquois helicopters and \$0.6 million on the Patrol Boats⁹⁵. Despite this, all four patrol boats are undergoing a major refit and of 800 vehicles supplied by Australia, fewer than 100 are serviceable⁹⁶.

According to the Australian government, over the last few years the DCP has shifted away from infrastructure and capability support to training and personnel assistance⁹⁷. Official reasons for this shift include the inability of the Australian government to ensure that PNG abides by the conditions which attach to the supply of capital equipment, and the perception that the provision of infrastructure and capability support is not a "cost-effective form of defence assistance"⁹⁸. No mention is made of the escalating war in Bougainville.

Despite this reorientation, the objectives of the DCP continue to defy recommendations made by the Australian Parliamentary Delegation to Bougainville in 1994. The Delegation urged that:

“...Australia should ensure that support for the PNGDF be confined to its role in the restoration program. Supply of engineering skills, infrastructure rebuilding - especially roads, wharves or airstrips - are where the Australian defence co-operation money needs to be directed⁹⁹.”

3.2. Breakdown of the 1996-7 DCP budget

Of the projected 11.8 million in the 1996-7 DCP budget, \$8.725 million will be devoted to personnel. Amongst other things, this includes¹⁰⁰:

- \$ 0.313 million for the Defence Cooperation Management Team to provide support for training services;
- \$0.211 million for the provision of ADF personnel to provide training and technical support to the Air Transport Squadron being conducted with the PNGDF;
- \$1.31 million to attach 12 ADF personnel to PNGDF units to train them and provide technical support; and
- \$0.3 million to fund exchanges of PNGDF troops who attach to units in Australia.

3.3. Rationale for the DCP

The rationale underlying the DCP with PNG is revealed by the most recent Defence White Paper. Australian security depends on stable governments in PNG and Indonesia. Hence the "need" to train and arm these governments¹⁰¹. Representatives from the Australian Department of Defence informed

⁹³ 1996-7 *Portfolio Budget Statement*; Senator Dee Margetts., op. cit.

⁹⁴ Senator Dee Margetts., op. cit.

⁹⁵ Defence Cooperation, Department of Defence, Inspector General Division, January 1995, Annex H (cited in Senator Dee Margetts., op. cit.)

⁹⁶ Lucy Palmer, "Australian help sought to rebuild defence forces", *Sydney Morning Herald*, 23 November 1996, p. 21.

⁹⁷ Speech by Ian McLaughlin, Minister for Defence (delivered by Ian Sinclair), *Papua New Guinea: Security and Defence in the Nineties and Beyond 2000*, Conference Proceedings, 28 June 1996, p. 3.

⁹⁸ Mr White, *Estimates Committee Hansard*, 17 September 1996, p. 33-4

⁹⁹ Report., p. 22. This sentiment found force in the Delegation's Conclusion 6.13: "The PNG Defence Forces should allocate priority to engineering services, health and transport infrastructure. Australia should stand willing to use its defence co-operation funds to assist in this program." (ibid., p. 44)

¹⁰⁰ Information supplied by the Department of Defence, *Defence Co-operation Summary 1996*, pp. 278-280.

¹⁰¹ Senator Dee Margetts., op. cit.

the Senate's Estimates Committee in September last year that both Australia and PNG were both broadly dissatisfied with the DCP, and that Australia has questioned the effectiveness of the DCP in achieving its objectives¹⁰². As a result, the DCP is currently undergoing a joint confidential review, although the PNG government has been stalling in respect of its contribution to the review process.

¹⁰² Mr White, *Estimates Committee Hansard*, 17 September 1996, p. 33.

3.4. Criticisms of the DCP

Australia's military assistance to PNG is simply unacceptable given the war in Bougainville. It is strongly arguable that the DCP is actually prolonging the war. And it is directly contributing to human rights violations perpetrated by the PNGDF. PNG has acted in flagrant disregard of many conditions Australia has imposed to try and mitigate these violations. The continued provision of military assistance is astonishing given the Australian government's public stance that there is no military solution to the problems in Bougainville. And it represents an inefficiency bordering on the ludicrous when one considers that DCP money goes into destroying infrastructure on Bougainville whilst Australian bilateral aid goes to rebuilding it.

3.4.1. Prolonging the war and aiding and abetting human rights violations

Towards the end of 1996, the media reported that PNG's inadequate financial backing of the PNGDF was leading to flagging morale in the PNGDF troops. There was widespread insecurity about wages, and an under-supply of weapons and ammunitions - sometimes even food. PNGDF troops began questioning the PNG government's support. As casualties mounted, public perception in PNG turned against the war. Financial constraints may have forced PNG to the negotiating table, had it not been for the continuing financial life-line that Australia provides through the DCP.

Beyond the possible prolongation of the war, Australia is contributing to human rights violations in Bougainville. In its 1993 Report, Amnesty International noted

"...the actions of some governments - which for reasons of proximity, economic or strategic interest are involved in the Bougainville conflict - may have actually contributed to the commission of human rights violations. The Government of Australia has continued to permit the use of Australian-supplied helicopters in the conflict, despite evidence that they have been used as gunship to fire upon civilians..."¹⁰³.

Rosemarie Gillespie has concluded that Australia's "assistance" under the DCP amounts to "aiding and abetting the human rights violations committed by the PNG army"¹⁰⁴.

The fact that the emphasis of the DCP has changed from infrastructure and capability support to training and personnel assistance is no answer to these criticisms. Australia is still funding the war effort, training the people to shoot the guns, rather than providing the guns themselves. Further, the changing emphasis will not prevent PNG from acquiring military equipment. No doubt the money that PNG saves on training and personnel assistance will find its way to infrastructure and capability support.

3.4.2. Abuse of the DCP by the PNG government

The supply of the Iroquois helicopters to the PNG was conditional upon their being used for logistical support, transportation of medical supplies, and surveillance purposes only. Yet there has been eye witness accounts on Australian television reporting that the helicopters were routinely used to "strafe" villagers with suspected BRA sympathies between 1989-1990¹⁰⁵.

Reports of abuse of these conditions are numerous. In June 1991, Colonel Leo Nuia, former commander of military forces on Bougainville, admitted on an Australian television program that PNGDF helicopters had been used to dump at sea the bodies of six civilians killed by the PNGDF in

¹⁰³ Amnesty International., op. cit., p. 26.

¹⁰⁴ Rosemarie Gillespie, *Australia's Role in Arming Violators of Human Rights: The Case of Papua New Guinea and Bougainville*, August 1993, p. 1.

¹⁰⁵ Amnesty International., op. cit., p. 26.

June 1990¹⁰⁶. In June 1992 an Australian journalist reported seeing a machine gun being attached to a helicopter¹⁰⁷. Reports in July 1996 suggest that the helicopters are still being used in military offensives. For instance, during the PNGDF offensive, "Operation High Speed II", cover bombardment was alleged to have come from the helicopters¹⁰⁸. The Commander of the PNGDF, Brigadier-General Jerry Singirok, said in a radio interview in early July 1996 that the helicopters were used in incursions. During one of these incursions, the helicopter fired on a boat killing six BRA soldiers¹⁰⁹. On 9 July 1997, Sir Julius Chan told Channel 7's "Witness" program that the conditions attached to the supply of helicopters were breached "from time to time", and continued that, "if it was Australia's intention to assist us then they've got to accept that fact"¹¹⁰.

3.5. RECOMMENDATION 1

Australia should immediately suspend all military assistance to PNG. This suspension should continue until the war has ended and a satisfactory peace has been negotiated in Bougainville.

A thorough review should be conducted of all forms of military assistance to PNG, examining the objects and mechanisms of the program, with a particular focus on eliminating possible complicity in human rights violations.

4. DEVELOPMENT ASSISTANCE

4.1. The Australian development aid program to PNG

PNG is by far the largest recipient of Australian bilateral aid. Development assistance is provided under the *Treaty on Development Co-operation Between the Government of Australia and the Government of Papua New Guinea*, signed on 24 May 1989.

The Australian aid program to PNG is divided into Program Support which is tied to specific projects, and Budget Support, which is untied and thus unreviewable by the Australian government. Given the complete lack of accountability in relation to the Budget Support component of the aid package, it is quite possible that some of this "aid" funds the PNG war effort in Bougainville.

At the 1992 Treaty review, the Australian and PNG governments decided that from the 1994-95 aid budget onwards, budget support would be gradually wound back¹¹¹. By the year 2000, the whole bilateral aid program will be comprised of project aid¹¹². Sir Julius Chan requested a moratorium on this shift to tied aid, but during a brief visit to PNG in May 1996, the Minister for Foreign Affairs, Mr Downer, said he would not agree to a moratorium¹¹³.

4.2. Breakdown of the 1996-7 Development Co-operation budget

¹⁰⁶ *ibid.*, p. 23.

¹⁰⁷ *ibid.*, p. 26.

¹⁰⁸ This was documented by ABC TV at 7pm on 4 July 1996; Moses Havini, Media Release, *BRA Victory as PNG Troops Defeated*, Monday 15 July 1996, p. 1; Greg Roberts, "No Action as PNG breaks helicopter pact", *Sydney Morning Herald*, 10 July 1996, p. 4.

¹⁰⁹ Greg Roberts, "No Action as PNG breaks helicopter pact", *Sydney Morning Herald*, 10 July 1996, p. 4.

¹¹⁰ Greg Roberts, "No Action as PNG breaks helicopter pact", *Sydney Morning Herald*, 10 July 1996, p. 4.

¹¹¹ At the 1995 Treaty review this schedule for change was re-affirmed.

¹¹² DFAT, "Country Programs", *Australian DFAT Annual Report 1993-94*, http://www.dfat.gov.au/dept/annlrept/6_1.html; see also Mary-Louise O'Callaghan, "Ailing PNG a Dilemma for Downer", *Australian*, 3 May 1996, p. 11.

¹¹³ Mary-Louise O'Callaghan, "Downer gives aid warning to PNG", *Australian*, 4 May 1996, p. 2.

In 1996-7, the total Australian aid flow to PNG will be \$319.5 million. This comprises \$142.2 million in budget support and \$154.9 million for program support¹¹⁴. These figures affirm the shift from budget to project support. For instance, in 1993-94, \$244 million was provided in budget support whilst only \$56 million went to program support¹¹⁵.

Of the \$154.9 million for 1996-7 Program Support, AusAID has estimated that:

- 36.2% will be spent on Transport and Communication
- 23.8 % will be spent on Education
- 15.8% will be spent on Health
- 11.6 % will be spent on Law and Justice
- 9.7 % will be spent on Renewable Resources
- 1.7% will be spent on Private activities
- 1.1% will be spent on other activities¹¹⁶.

According to AusAID's 1996-97 Aid Budget Summary, "significant assistance is planned for the Bougainville Restoration program"¹¹⁷. Such specially designated assistance to Bougainville was initiated in the 1994-95 aid budget, where \$10 million was to be provided for assistance in the restoration of services and infrastructure in Bougainville¹¹⁸.

AusAID has reported that under the 1996-7 budget, the following restoration projects are or will be taking place on Bougainville:

- Bougainville Health and Restoration Program¹¹⁹

This \$10.4 million project commenced in October 1995 and is expected to be completed in March 1999. It has been contracted out to the Snowy Mountains Engineering Corporation. This project will fund the construction of a new District hospital in Buka, and refurbishment of five health centres and new schools. Equipment and materials will also be supplied to high schools, training centres and health centres.

- Bougainville Distance Education Project

This \$1.77 million project from mid-1996 to mid 1997 aims to assist children who have missed out on schooling. Assistance will be channelled through the provincial government to the Bougainville College of Distant Education to provide grade 7 - 10 education¹²⁰.

- Bougainville Wharves Construction¹²¹

At the time of writing, this project has been postponed due to the "security situation" on Bougainville¹²².

- Bougainville Back to Life Project¹²³

¹¹⁴ AusAID, *Australia Aid Budget Summary 1996-97*, http://www.dfat.gov.au/dept/ausaid/ausaid_budget~1.html

¹¹⁵ DFAT, "Country Programs", *Australian DFAT Annual Report 1993-94*, http://www.dfat.gov.au/dept/annlrept/6_1.html

¹¹⁶ AusAID broadsheet, *Program Aid to PNG: 1996/97 (estimated)*.

¹¹⁷ AusAID, *Australia Aid Budget Summary 1996-97*, http://www.dfat.gov.au/dept/ausaid/ausaid_budget~1.html

¹¹⁸ DFAT, "Country Programs", *Australian DFAT Annual Report 1993-94*, http://www.dfat.gov.au/dept/annlrept/6_1.html

¹¹⁹ AusAID, *Australia - Papua New Guinea Development Co-operation Program: Profile of Activities*, August 1996, p. 7, 49.

¹²⁰ *ibid.*

¹²¹ AusAID, *Major AusAID Papua New Guinea Projects*, 26 April 1996.

¹²² Information supplied by AusAID in a letter from Mr Geoff Adlide dated 7 January 1997.

At the time of writing, this program is still under negotiation and has not proceeded to final design¹²⁴.

At the annual bilateral forum between Australia and PNG in mid-September 1996, it was agreed that “urgent” humanitarian assistance would be provided to people in care centres in Bougainville¹²⁵. There is no documentation as yet on how this assistance will be provided.

On 19 February 1997, whilst in Port Moresby, Foreign Minister Downer announced that an additional \$ 4 million in Australian aid money would be used to fund a humanitarian relief operation in Bougainville. This money will be allocated to the purchase of essential goods to meet basic needs and medical supplies¹²⁶. This package was announced as a public endorsement of “recent efforts towards peace on Bougainville”¹²⁷. A day later, the Australian Prime Minister condemned the PNG government for engaging a mercenary squad to wipe out the BRA. Recent media reports estimate that the mercenary squad will cost PNG \$36 million.

4.3. Criticisms of the Development Co-operation Program

4.3.1. Overlap with the Defence Co-operation Program

Much of the Law and Justice sector of Program Support goes towards training in various forms, including the training of the Royal Papua New Guinea Constabulary (RPNGC). For instance, \$80 million will be spent on the Royal PNG Constabulary Project which commenced in January 1993 and will run to December 1997. Under this project, advisory assistance and training resources are being provided in a broad range of specialist and general policing skills¹²⁸.

This is cause for great concern, given proposals currently under consideration to merge the RPNGC with the PNGDF. The Hon. Mathias Ijape, PNG Minister for Defence, said at a conference held in Sydney in June 1996 that the PNG government has:

“...directed the Defence Force to review its existing size and consider amalgamating with the police for the establishment of a para-military force”¹²⁹.

The possibility of amalgamation was also alluded to in a recent DFAT paper on PNG¹³⁰.

The overlap between development and defence assistance is revealed by the fact that a portion of the Defence Cooperation Program goes to funding the RPNGC. The 1996-7 DCP has allocated \$0.104 million to fund a Communications Adviser to assist the RPNGC, and \$0.1 million to replace RPNGC communications equipment¹³¹. The overlap between the Defence Cooperation Program and the Development Cooperation Program is further highlighted by Sir Julius Chan’s request in May 1996

¹²³ AusAID, *Major AusAID Papua New Guinea Projects*, 26 April 1996.

¹²⁴ *ibid.*

¹²⁵ Craig Skehan, “PNG to get a bigger say in the spending of Australian aid dollars”, *Sydney Morning Herald*, 14 September 1996, p. 16.

¹²⁶ Media Release, Minister for Foreign Affairs Alexander Downer, “\$4 million for Bougainville relief effort”, 19 February 1997.

¹²⁷ Mary-Louise O’Callaghan, “PNG hires mercenaries to blast rebels”, *The Weekend Australian*, 22-23 February 1997, p. 1.

¹²⁸ AusAID, *Australia - Papua New Guinea Development Co-operation Program: Profile of Activities*, August 1996, p. 35.

¹²⁹ The Hon. Mathias Ijape, PNG Minister for Defence, *Papua New Guinea: Security and Defence in the Nineties and Beyond 2000*, Conference Proceedings, 28 June 1996, p. 18. (AusAID should be aware of such statements considering it provided a \$5110 grant towards airfares for this conference- Colonel Colin East, “Report”, *Papua New Guinea: Security and Defence in the Nineties and Beyond 2000*, Conference Proceedings, 28 June 1996.)

¹³⁰ DFAT notes that the PNG White Paper on Defence has explored changes to the structure of the PNGDF, noting that, “one option under discussion is for the PNGDF to play a greater role in Papua New Guinea’s national development through civil assistance type activities”. (DFAT, *PNG (Country Economic Brief)*, March 1996, p. 25)

¹³¹ Information supplied by the Department of Defence, *Defence Co-operation Summary 1996*, p. 278.

that Australia help improve Law and Order (as it was then called) enforcement in PNG. Chan expected that this assistance would be provided via the Defence Cooperation Program¹³².

Much closer attention must be paid to the relationship between Law and Justice Program support and war related activities. It is concerning to note that whilst Performance Benchmarks have been set since 1995 to monitor Program Support, no performance benchmarks have been established to monitor the Law and Justice program. The Law and Justice program is a very substantial component of the Program Support budget comprising \$17.97 million in 1996-7. The 1996-7 Performance Benchmarks exist for similar sized sectors, and also for the smaller ones¹³³.

4.3.2. Wastage

The Asian Development Bank has criticised the poor use of funds by PNG, saying that because of the failure of the PNG government to provide the bank with financial statements and reports, the bank has no idea of which projects were implemented from the loans provided. The bank also noted that loan guidelines for projects have not been followed¹³⁴. The PNG government's bureaucratic ineptitude makes it difficult for Australia to monitor Program Support.

4.3.3. Unequal and inefficient allocation

In relation to the Bougainville Restoration Program, concern has been expressed both at the unequal allocation of the aid, and at the fact that much of the aid money remains unspent.

There is concern that Australian restoration money on Bougainville is spent selectively, favouring PNGDF controlled areas. For instance, millions of dollars are being spent on the construction of a new district hospital at Buka. This is where the bulk of the PNGDF is located and Buka is not as desperately in need of health infrastructure as some of the BRA-controlled areas in Central and Southern Bougainville where health infrastructure has been completely decimated. And AusAID has reported that its current Bougainville Health and Education Project - of which construction of the Buka hospital forms a part - will largely focus on the north of mainland Bougainville and Nissan Island, where the PNGDF are in control¹³⁵.

Numerous representatives have complained that PNG government bureaucratic inefficiencies are impeding restoration projects and thwarting attempted humanitarian assistance. For instance, emergency supplies were flown to Buka by an Australian RAAF Hercules on 4 August 1996, but the supplies were stranded at Buka for two weeks because of disputes over a helicopter debt. The late Premier of the Bougainville Transitional Government, Mr Theodore Miriung, blamed this inability to pay on the fact that the PNG Government had approved "Operation High Speed II" without budgeting and allocating funds for displaced civilians¹³⁶.

As far back as 1994, the Australian Parliamentary Delegation to Bougainville noted that:

“It appears that significant funds have been made available to the restoration program but that not all have been effectively delivered for the benefit of the Bougainvillean people. The following examples of the failure of funds to reach those in need were brought to the attention of the Delegation:

- the rebuilding of the main block at the Sohano hospital;

¹³² *Radio Australia*, . 0800UTC, 6 May 1996, 6020kHz

¹³³ The 1996-7 Performance Benchmarks include benchmarks for Transport and Communication, Education, Health, and Forestry.

¹³⁴ Tande Temane, *The National*, 5 June 1996.

¹³⁵ Information supplied by AusAID in a letter from Mr Geoff Adlide dated 7 January 1997.

¹³⁶ "Aussie airlift aid to Buka 'beached'", *Post Courier*, 12 August 1996; "Aid log-jam to get worse on Bougainville", *Post Courier*, 21 August 1996.

- the construction of an ablution block at Sohano hospital;
- the delivery of a generating plant to Sohano hospital;
- funds for the rotation of medical staff at Wakunai; and
- the repair of the mobile medical unit at Wakunai”¹³⁷.

¹³⁷ Conclusion 6.11 in Report., p. 44.

4.3.4. Unspent money

Various groups in Bougainville have complained that a large proportion of the Australian aid money committed to Bougainville has not been spent. This complaint is borne out by the figures.

In early January 1997, AusAID reported that of the \$24 million that has been allocated to Bougainville reconstruction since 1991, only \$8 million, a third of the allocation, has actually be spent¹³⁸.

One example comes from the 1995-6 Bougainville Restoration component of the Development Cooperation Program assigned \$1 million to non-government organisations (NGOs). This money was to target activities in health, education, local enterprise development and the promotion of peace and reconciliation. Yet, according to AusAID documents, \$6.28 million, over half the allocated funds, were not spent. The only NGO activities supported were:

- \$144,497 for Training Community leaders to Conduct Conflict Resolution conducted by the Foundation for Law, Order and Justice;
- \$137,138 for Training in Peace and Reconciliation conducted by the Foundation for Law, Order and Justice; and
- \$89,910 for Peace Education, Conflict Resolution and Micro Projects conducted by North Solomon Provincial Council Women¹³⁹.

4.3.5. Frees up money to fund the war effort

From a broader perspective, the fact that Australia provides around \$320 million a year to assist PNG with development projects naturally “frees up” money that PNG would otherwise have to spend on these projects. Thus, PNG has more money to channel into the very costly war effort in Bougainville.

¹³⁸ Information supplied by AusAID in a letter from Mr Geoff Adlide dated 7 January 1997.

¹³⁹ AusAID, *AusAID-NGO Cooperation: Annual Report 1995-6*, “Projects Funded through Country Programs, 1995-6, Australian NGOs”.

4.3.6. Expresses tacit support for the war

A criticism made above in relation to the Defence Cooperation Program applies equally to the Development Cooperation Program. Continued funding shows at best, that Australia does not regard the war in Bougainville as having any significance, and at worst shows tacit approval for the war.

A recent document released by AusAID, “Australia’s Aid Program to PNG - Overview”, suggests that Australia remains oblivious to the war. The Overview concluded with a review entitled, “Current Issues and Challenges”. According to AusAID, “Australia’s capacity to continue to deliver effective program aid depends upon ... PNG’s commitment to economic reform, greater administrative efficiency and local government reforms.” Despite the fact that the war in Bougainville is a huge drain on PNG’s resources, it does not even rate a mention. Another recent AusAID publication, *The Economy of Papua New Guinea*, which assesses PNG’s current economic conditions, performance and future prospects, fails to even mention the war¹⁴⁰.

4.4. RECOMMENDATION 2

Australia should immediately suspend the entire Development Co-operation Program until the war in Bougainville is over and a satisfactory peace has been negotiated.

Prior to resuming the Development Co-operation Program, a thorough review should be conducted to provide a more streamlined, equitable and accountable aid program to PNG.

Due to a complete lack of accountability, the Budget Support component of the Development Co-operation Program should immediately be abandoned, the whole Program consisting only of tied Program Support.

¹⁴⁰ AusAID, *The Economy of Papua New Guinea: 1996 Report*, (International Development Issues, No. 46)

4.5. Some policy issues concerning the recommendation 2

It is AID/WATCH's position that the level of development assistance to PNG needs to be reduced¹⁴¹. Despite the fact that the entire population of PNG is only 4 million, PNG is by far and away the largest recipient of Australian aid. As AusAID has noted,

“...compared with countries outside of the Pacific, aid to Papua New Guinea is high, On a per capita basis, Papua New Guinea has one of the highest levels of aid among the lower middle income economies and a level higher than 80 per cent of low income economies”¹⁴².

It is time that the current level of funding assistance to PNG is re-examined.

As the recommendations reveal, it is AID/WATCH's position that the development co-operation program should be completely suspended for the currency of the war. Some may object to this stance on the basis that it will hurt needy people in PNG, depriving them of much needed development projects. There are many answers to such an objection.

Most importantly, Australia's aid program is hurting people now: the innocent victims of the war in Bougainville. Second, Australian aid money puts PNG in a much stronger financial position to continue executing the war. Third, Australia's continued financial assistance indicates to PNG and to the world tacit support for the war on Bougainville. Fourth, it is time Australia got tough and made a stand, as the viciousness of the war is reaching new lows: in recent days, the PNG government has committed itself to a new tactic to advance the war effort: hiring up to 150 mercenaries to train PNGDF forces and mount an operation to kill the leaders of the BRA. The Australian government and opposition have expressed outrage at this plan. The Opposition is now proposing that the aid program be suspended if this plan is carried out¹⁴³. This suggestion should have been made long ago, as the atrocities escalated.

¹⁴¹ See AID/WATCH's submission to the Simon' Inquiry for further details on AID/WATCH's position on aid to PNG.

¹⁴² AusAID, *The Economy of Papua New Guinea 1996 Report* (International Development Issues No. 46), p. 7.

¹⁴³ Lucy Palmer, “PNG aid in doubt over use of hired guns”, *Sydney Morning Herald*, 24 February 1997, p. 1.