

# SPECIAL REPORT

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## A stitch in time Preserving peace on Bougainville

Peter Jennings and Karl Claxton

### Executive summary

From late 1997 to mid-2003, Australia at first supported and then led a pathbreaking unarmed regional peacekeeping mission that helped end a decade of conflict on Bougainville. The mission ensured that large-scale fighting didn't resume and bought time to prepare for a more measured and orderly future political settlement. Sadly, those preparations haven't been sufficient to give confidence that a workable political settlement has taken shape. The Papua New Guinea Government, donors, neighbours and officials on Bougainville have failed to build the capacity needed by the Autonomous Bougainville Government (ABG) to remediate the causes of the 1990s conflict.

Bougainvilleans do not yet have realistic options to choose either autonomy or independence. Although there have been some positive developments, most indicators are far from encouraging as the 2015–20 window for a referendum approaches. Misunderstandings between Port Moresby and the ABG persist, while Bougainville remains a deeply divided society. Economic imperatives to resume mining add new pressures. The most likely referendum outcome at the moment—Papua New Guinea refusing to ratify a clear but far from unanimous vote for an independence Bougainville is utterly unprepared for—would be destabilising.

Australian interests will be profoundly engaged if the Bougainville situation deteriorates sharply. But while Canberra has the capability to reintervene, the cost and risks of doing so would be high.

This report sets out a plan that Australia should adopt now to help deliver a sustainable solution for the future of Bougainville. The proposal is designed to help prevent the need for a costly military intervention of the type seen so regularly in the Pacific in the past 15 years. A concerted pre-referendum focus on peacebuilding in Bougainville, coordinated with regional partners, will forestall the need for a Timor or Solomon Islands-style stabilisation later.



## The case for prompt action

The Bougainville situation presents an early test case for the Abbott government's credentials for focusing Australian foreign policy more on our immediate region. An Australian-led regional effort to strengthen the foundations for peace on Bougainville also creates an opportunity to validate the effectiveness of Canberra's decision to more closely align Australia's foreign, development and trade efforts in order to advance specific national interests.

More than anything, Bougainville needs its economy and infrastructure developed to help sustain peace. A new international effort to assist Bougainville could be thought of as a preventive development initiative to forestall the need for another peacekeeping mission. Bougainville's current share of Australian aid to Papua New Guinea (PNG), although higher than its proportion of the population, doesn't deliver enough impact to reflect its importance to Australia. A greater effort on development assistance could make up crucial lost ground in areas such as public safety, community awareness and legal, business and administrative capacity.

Key Australian elements of the peace initiative should include:

- establishing a high-priority task force to lead the implementation of a strategy for Bougainville
- tripling development assistance to Bougainville from within current aid funding
- a special emphasis on training the Autonomous Bougainville Government (ABG), particularly by Australians willing to work on Bougainville under the Australian Government's New Colombo Plan
- enhanced Australian Federal Police (AFP) support for the Bougainville Police
- initiating low-key defence contributions to rebuilding efforts
- international advocacy (including through Australia's temporary seat on the UN Security Council)
- particularly encouraging Pacific island nations' involvement in a regional solution for Bougainville
- a strong focus on empowering female and community voices for peace on Bougainville
- supporting a closer and more sustained dialogue within PNG.

## Bougainville at a glance

Temporary capital	Buka
Population	175,160 (2000 census; many later estimates are higher)
Area	9,384 square kilometres
Languages	21
Life expectancy	Males 58.8 years; females 60.4 years
Top agricultural activities for households	Coconut, food crops, cocoa, <i>buai</i> (betel nut), poultry
Annual income per capita	Around 3,500 kina (\$1,350) (the PNG average is approximately \$2,100)



## The 1988–97 crisis

Bougainville came under Australian control during World War I after a short period as part of German New Guinea from 1885.

Its inhabitants are far from homogeneous, speak 21 languages and have diverse traditions, but share closer geographical and ethnic links with the former British colony of Solomon Islands than with mainland PNG. This gave Bougainville a weak but distinct identity as a ‘special case’ within PNG—reinforced by heavy fighting on the island in World War II<sup>1</sup> and the discovery of copper and gold in 1964.

Bougainville stayed with PNG after independence in 1975 in return for a provincial government system disastrously applied across the whole country. Income from the Panguna mine operated by a Rio Tinto Zinc subsidiary, Bougainville Copper Limited, freed PNG from total dependence on Canberra.

In 1988, an aggrieved Bougainvillean mine worker, Francis Ona, led a sabotage campaign by a small group of dissidents aimed at disrupting mining and redistributing its benefits. Traditional cultural mechanisms and modern royalty arrangements were struggling to cope with new types of inequality and with transferring unfamiliar forms of material wealth between the national and provincial governments, among different areas near the mine (particularly those only indirectly affected by massive social dislocation and environmental impacts, who thus missed out on compensation) and among different generations of landowners from the most affected areas.<sup>2</sup>

A heavy-handed attempt to quell this localised violence by PNG riot police and later the military supercharged Bougainvillean identity and gave further attacks an increasingly ethnic and separatist character, ultimately spurring a campaign for independence and the formation of the Bougainville Revolutionary Army (BRA), which closed the mine in May 1989 and called for massive compensation.

The BRA prompted the departure of the Papua New Guinea Defence Force (which then imposed a naval blockade), followed by the police in March 1990, and declared independence in May, but didn’t consolidate its control. Made up of a loose coalition of independent groups of mostly unemployed young men with various aims, individual BRA elements turned to settling conflict-era and older scores rather than halting the violence, extorting and terrorising perceived enemies as well as many wealthier and educated Bougainvilleans.

In this near anarchy, local leaders with the support of anti-BRA militias invited government forces to return to Buka in late 1990, and to many other parts of Bougainville in 1991–92.

Violence between rebels, the security forces, pro-government groups and armed criminal gangs took on the character of a civil war. Internationally supported peace initiatives in late 1994 and early 1996 were derailed by BRA hardliners and Papua New Guinea Defence Force (PNGDF) spoilers. Although women’s and other moderate groups willing to negotiate and forgo immediate secession emerged in core areas of BRA support in central Bougainville, and formed a transitional government in April 1995, continuing mistrust and repeated unsuccessful military offensives maintained the stalemate.

With an election looming, the PNG Government engaged a mercenary outfit, Sandline International, to train the PNGDF, decapitate the hardline rebel leadership and reopen the mine. However, in March 1997, the commander of the PNGDF ejected Sandline and forced the Prime Minister and key ministers to stand down ahead of an inquiry. The crisis had threatened to take violence to a new level on Bougainville and shook Port Moresby to the core but provided added incentives for peace.



More than 30,000 Australians served, and 516 were killed, on Bougainville during World War II. Photo courtesy Australian War Memorial, AWM 018089.

### The 1997–2003 peacekeeping mission

In the wake of the March 1997 Sandline crisis, Bougainvilleans and the PNG Government under newly elected Prime Minister Bill Skate were ready for peace negotiations.

They attempted a settlement, committing to a truce at Burnham in New Zealand in October 1997 and agreeing to the arrival of an unarmed truce monitoring team led by New Zealand and including Australian, Fijian and ni-Vanuatu personnel.

The January 1998 Lincoln Agreement, also signed in New Zealand, established a ceasefire, set specific conditions for peace and reconciliation, and prepared for the Australian-led Peace Monitoring Group (PMG) to replace the truce monitoring team in May. Given initial misgivings about Australian motivations, the PMG was at pains to remain definitively neutral at all times. It acted primarily as a monitoring group, reporting compliance with the

agreement and spreading information about the peace process via regular patrolling from six team sites. The 300 military and civilian monitors were reduced to 200 after 2000.

Following the Arawa Peace Agreement in August 2001, the PMG focused on facilitating the weapons disposal pillar of the agreement, instilling community confidence, and promoting the implementation of the agreement in cooperation with a small UN observer mission.

From late June 2003, the PMG was replaced by a small Bougainville Transition Team of 17 unarmed civilians that operated until the end of the year.

Although Francis Ona remained outside the process, the PMG had helped provide sufficient confidence for the PNG Government to gazette the Constitution for the Autonomous Region of Bougainville in December 2004, and the region held successful elections in June 2005.

## The positive conditions created by innovative peacekeeping from 1997–2003 are fading

The 1988–1997 Bougainville crisis was the bloodiest and most protracted conflict in Australia’s South Pacific neighbourhood since World War II. Neither Australia nor the region was able to mount an effective response to what was an internal PNG dilemma during the 1980s and early 1990s, but astute planning and execution delivered a truce in 1997, a ceasefire in 1998 and a peace agreement in 2001. The process that led to this outcome drew on Melanesian strengths and creative international support to halt the violence and epitomised creative peacemaking. It capitalised on the ‘ripe moment’ for conflict management lent by a military stalemate, mutual war weariness, large-scale deaths and economic destruction and the unhappy circuit-breaker provided by the Sandline affair—Port Moresby’s abortive attempt to use a foreign mercenary force to shift the military balance against the Bougainville rebels.

The peace formula also borrowed from the success of the 1988 Matignon and 1990 Noumea accords in New Caledonia by deferring a decision on independence in favour of a long period of preparation before a referendum on the matter. In Bougainville’s case, preserving the national government’s effective veto power by making the outcome of the referendum subject to ratification by the PNG Parliament gave Port Moresby the confidence to sign the deal. The agreement’s key pillars involved allowing substantial autonomy, a weapons disposal plan, and a referendum between 10 and 15 years after the election of the first ABG, which occurred in June 2005.

Another important ingredient of success was the plan’s deliberately light touch, which maximised the degree of control and ownership by parties to the process. Less activist international involvement helped contain costs, reduce local dependency, promote the intervention’s fit to specific circumstances (and thus its sustainability), manage safety risks, and facilitate an exit strategy.<sup>3</sup>



Rebels of the Bougainville Revolutionary Army, 1997. © Alex Smailes/Syigma/Corbis

Some positive developments have continued since the withdrawal of the Peace Monitoring Group (PMG) in August 2003. Most schools, aid posts and roads have reopened, the copra and cocoa industries revived (although they're currently depressed, with only some of the slack picked up by small-scale gold production), and Bougainville elections succeeded in 2005 and 2010. The national government released significant restoration and special funds to the ABG last year; the Panguna Peace Building Strategy was relaunched early this year; reconciliation between key leaders and factions is continuing, including in Me'ekamu; and the Joint Review of Autonomy Arrangements is finally underway.

Yet peacekeeping was a necessary but not sufficient condition for enduring stability. The benefits of that light peacekeeping approach and on-the-ground development provided a strong foundation to build on that hasn't entirely dissipated. The longer term success of the peace process, however, was premised on a level of continuing national and international attention, practical support and investment that regrettably hasn't eventuated. Crucially, ABG capacity-building has been neglected.

The PNG Government has mostly acted in good faith but, although it's enjoyed sustained economic growth, it remains responsible for a large, diverse, developing country that faces myriad other challenges. It hasn't regularly or reliably fulfilled all its funding and other obligations under the peace agreement. While the fitfulness of its support stems mainly from funding and capacity constraints, there are also grumbles in Port Moresby that it's providing the means for Bougainville to potentially withdraw from PNG. In early 2011, Prime Minister O'Neill (then the PNG Treasurer) undertook to release a 100 million kina grant for high-impact development projects every year for five years. This was in addition to unconditional recurrent funding for public service costs and an annual restoration and development grant (now significantly in arrears). However, Port Moresby's more 'hands-on' approach to allocating such spending has occurred on O'Neill's watch, too—fuelling complaints that Bougainville is being treated like an ordinary province rather than an autonomous region with a special status and a massive need for rebuilding.

On Bougainville, ABG leaders often blame serious corruption on their inability to discipline administrators who will remain members of the national public service until the Bougainville Public Service is formally established next year. In fact, nearly all are both ethnically Bougainvillean and responsive to the ABG, while a handful of underperforming officials have been

stood down. Ineptitude, misconduct and infighting remain among the Bougainville members of the PNG Parliament and Bougainville's Executive Council, House of Representatives and administration.

Even at the height of Australian-led peacekeeping efforts, when Canberra was spending around 8% of its aid to PNG on Bougainville, there was a general view that Australian aid couldn't and shouldn't meet the autonomous region's entire development and reconstruction needs, and a view in AusAID that Bougainville was a special case but already overrepresented compared to other parts of the country.<sup>4</sup> For a range of reasons, this peace dividend shrank as a proportion of overall aid during the period from 2005 to 2010, when AusAID's budget was rapidly expanding but focused purely on poverty reduction.

Australia has provided over \$250 million in aid to support Bougainville's peace process and post-conflict reconstruction, but that's only just over 4% of our development assistance to PNG since 1997 for almost 3% of PNG's population. This year, some \$35 million (6%) of the \$501 million allocated to PNG will be spent on Bougainville via its share of the national education, law and justice, transport and health sectors (which provides most of Bougainville's medicines, for example), as well as support for almost two dozen short- and long-term contracted advisers and specialists.<sup>5</sup> All such assistance is necessarily delivered under the terms of the bilateral development cooperation treaty governing Australian aid to PNG. But while our assistance nearly doubled over the past three years under AusAID, with the referendum approaching, it was off a low base and still far too little, too late to make up lost ground.

The chief risk stemming from inadequate attention and unreliable funding is that:

[W]ith Port Moresby doing so little to persuade Bougainvilleans that they will be better off in PNG, Bougainvilleans will be likely to vote for independence. Then if the PNG Parliament votes it down, guns could come out of hiding, guns could come back from the Solomon Islands and warlords once again have a large following.<sup>6</sup>

## High stakes

In fact, it's not certain that Bougainville will return to bloody conflict even if Port Moresby refuses to ratify a vote for independence. Neither PNG's security forces nor the various Bougainville factions, which bore much of the pain of the

## Some key players

Prime Minister Peter O'Neill	Elected August 2012; has a commanding majority in PNG Parliament
President John Momis	Former Catholic priest and Constitution co-author; faces ABG elections in 2015
Francis Ona	Former Bougainville Copper surveyor and Bougainville Revolutionary Army (BRA) founder; died of malaria in 2005, still rejecting peace
Sam Kauona	Former PNGDF lieutenant and later BRA head; now a local leader and businessman
Ishmael Torama	A former BRA company commander; remains an influential ex-combatant
Joseph Kabui	An ex-rebel leader; ABG's first president from June 2005; died in office in 2008
Theodore Miriung	A Nasioi rebel; formed the moderate Bougainville Transitional Government in April 1995 but was assassinated in late 1996
Sister Lorraine Garasu OA	A Buka nun known for her outspokenness for peace and reconciliation
Peter Taylor	Managing Director of Bougainville Copper Ltd. since March 2000
James Tanis	A former rebel; was ABG President from 2009 to 2010 after a by-election to replace Kabui
Sam Akoitai	Anti-BRA Resistance militia leader; later peacemaker and PNG Minister 1997–99, 2002–08
Patrick Nisira	ABG Vice President 2010; a moderate with wartime credentials; spent nine years in jail for rebel activities
Rose Pihei	An eminent female member (one of three) in Bougainville's House of Representatives

1988–97 crisis, currently have any appetite or capacity for real hostilities. The leaders at the top of those organisations personally experienced the deprivations of the war and see no need to further prove their warrior credentials. But all

sides *could* easily be painted into corners by provocation or miscalculation.

This risk is growing as memories of the crisis recede. The current generation of fighting-age Bougainville youth lack first-hand experience of the hardships of combat and have a patchy education to draw on. While the risk is tempered by folk-memories of the horrors of the conflict, those who started the sabotage campaign in 1988 represented a minority view at the time and had little in the way of a strategy, military skills, or firepower beyond some stolen mining explosives. In Port Moresby, a greater proportion of the senior leaders forced to manage the most damaging effects of the crisis have left public life. The emerging generation of national leaders, while pragmatic, can be as nationalistic as earlier statesmen, and are bullish thanks to robust growth and making it through the 2011–12 constitutional crises.

Many of the difficult social and material issues that fuelled the 1988–97 crisis—particularly unemployment among young men and the divergence of pro- and anti-independence views in different parts of the region—remain unresolved. Armed militias and criminal groups still clashed periodically in the south until 2011 and could be remobilised to pursue political ends. And while the mining catalyst for the crisis has been absent, cautious moves are underway towards resuming the only realistic economic basis for independence or meaningful autonomy. (Competing international mining interests have also co-opted Bougainvillean leaders, including some ostensibly anti-mining figures.)

The approach of the referendum adds to these pressures. Many observers suggest that a majority of Bougainvilleans would currently opt for independence but that a considerable minority would vote to stay with PNG, with PNG exercising its prerogative under the peace agreement not to ratify the result.

Those with the most to lose from any resumption of conflict would be the people on Bougainville and the PNG Government. In addition to the approximately 300 PNG security personnel and more than a thousand Bougainvilleans directly killed in fighting, an unknown number—possibly around 10,000—died as a result of being cut off from medical care, pharmaceuticals and their gardens during the blockade.<sup>7</sup> Thousands of women and girls were raped, more than a third of the population lost their homes or became internally displaced, a generation missed out on education, and the local economy collapsed. PNG lost 36% of its gross export earnings and 17% of government revenues.

Key institutions of the PNG state were badly weakened and Port Moresby's regional leadership seriously damaged by its misguided resort to using mercenaries. Although PNG is no longer economically dependent on Bougainville's natural resources, any resumption of serious conflict would seriously harm PNG's reputation and weaken international investment.

## Australia's interests

Although the risk of renewed conflict is fundamentally PNG's and the ABG's challenge to manage, Australia has a major stake in regional stability, too. Even if a PNG-ABG stand-off didn't lead to violence, it would squeeze Australia uncomfortably between impulses to accept the results of a peace process we sponsored and the imperative to stand by the more influential partner, PNG.

Our interests would be even sharper if violence re-emerges. As Graeme Dobell argues, public comfort with recent regional stabilisation operations in Timor-Leste and Solomon Islands as well as Bougainville has quietly transformed Australia's instinct for strategic denial close to home into providing a de facto regional security guarantee.<sup>8</sup> Canberra doesn't have a realistic option to stay aloof in the face of serious instability in our near approaches, and we have strategic, business and reputational interests in PNG. Renewed disorder in Bougainville could destabilise its neighbour, Solomon Islands, other parts of PNG and other parts of the Pacific. Our security partners will also expect us to act if the situation starts to unravel or there seems a risk of outside powers gaining undue influence.

However, a revived Australian-led peacekeeping mission in Bougainville would entail significant cost and risk. Direct ADF aspects of the 1997-2003 mission cost over \$109 million and the accidental death of a serviceman. A reintervention after mid-2015 would potentially be much larger and more costly, and closer in size and shape to the more complex missions in Solomon Islands or even Timor-Leste than the limited effort that was appropriate in 1997. Those bigger interventions cost \$350 million and \$4.3 billion, respectively, while we're still spending around \$125 million each year on post-conflict reconstruction, ten years on, through the scaled-down Regional Assistance Mission to Solomon Islands (RAMSI). If a new generation slides into bloodshed on Bougainville, Canberra couldn't wait a decade for a military stalemate to reappear before intervening. Furthermore, renewed violence would present a much more dangerous environment for peacemaking than late-phase intervention did in 1997-98.

## A preventive development initiative

There's a better option than just waiting for the situation to deteriorate. Given what's at stake, Australia should lead a new international assistance effort to avoid the future need to reintervene militarily. As noted, some signs of greater attention and activity are already apparent. PNG's Joint Supervisory Body, which had only met twice in the last two years, has finally reconvened; Australia has just deployed five Australian Civilian Corps experts to join the contracted advisers; and the UN is offering Peacebuilding Fund support. But a more concerted and much expanded program is needed to create the conditions set out in the peace agreement to allow a real choice between meaningful autonomy and viable independence.

Although the soon-to-be-released Joint Review of Autonomy Arrangements may provide a sound roadmap for the next steps in the peace process, and while there are grounds to be hopeful that Port Moresby and the ABG will reach agreement to release the next tranche of impact project funding, even that 100 million kina (\$38 million) per year to be spent on infrastructure projects simply won't go far to provide the level of investment, expertise and impetus to make autonomy work. Of the four aspects of the joint review—legal, administrative, financial and social-developmental—the last is most crucial to addressing underlying tensions. The ABG's meagre resources and bureaucracy, however, are far from sufficient to restore damaged physical, economic and social infrastructure.

A preventive development initiative would be consistent with the Australian Government's intent to more closely align our foreign, development assistance and trade efforts to focus finite aid resources on advancing specific national interests.

Key aspects of this initiative should include the following nine essential steps.

### 1. Create a whole-of-government taskforce to focus intellectual resources

As the referendum window approaches, a standard Canberra interdepartmental committee would be inadequate to manage the concerted and enhanced response that's required. A dedicated taskforce is needed to provide clear lines of authority for the Department of Foreign Affairs and Trade to lead, rather than just chair discussions on cooperation between agencies. While this may seem a rather abstract point of administration, the reality is that Australia's government agencies work best when either a crisis or



government pressure forces a concerted and intense focus on delivering outcomes. Australia has learned this lesson from such experiences as developing counterterrorism strategies after the Bali bombings, and in the reinterventions in Afghanistan in 2005 and Timor-Leste and Solomon Islands in 2006. Just as the Abbott government has done in response to the boat people issue, very serious and sustained organisational priority needs to be given to Bougainville if any substantial progress is to be made.

A key duty for the whole-of-government taskforce must be to lead regular updates on the special development initiative for consideration by the National Security Committee of Cabinet. A standing taskforce should also harness expertise and support from Australia's businesses, academics, NGOs and broader community.

## **2. Triple development assistance to Bougainville within current aid funding**

A recent conference concluded that the key building blocks vital for a sustainable Bougainville are a more capable ABG, the full implementation of the peace agreement, a stronger economy, and further reconciliation and peacebuilding work. Those, in turn, required a speedier handover of legal powers, increased resources for the ABG and efforts to curb financial mismanagement.<sup>9</sup>

Only Australia has the combination of interests, economic clout and expertise to help PNG lead an international effort of that sort. We should consider developing the core components of such a package.

Australian development assistance spent on Bougainville should temporarily be tripled ahead of the referendum to \$100 million per year by providing up to \$40 million in budget supplementation and approximately doubling the \$35 million currently spent on sectoral support and the activities of contracted advisers. Of course, this will be against the backdrop of a declining aid budget and at a time when AusAID has been administratively incorporated into the Department of Foreign Affairs and Trade, but it should be seen as a test of the Abbott government's willingness to give substance to the idea of linking aid more directly to Australian strategic interests. An expanded aid program delivered now will create a substantial long-term cost saving if it helps us avoid a large-scale Defence-led intervention some years in the future.

## **3. Develop a substantial development training package for Bougainville**

An important part of the initiative would necessarily focus on capacity building. While some further training could be modelled on the *Strongim Gavman Program*, whose experts have helped rebuild administrative, legal and specialist technical capacity in key departments in Port Moresby, the package for Bougainville needs to focus more on basic government functions—delivering access to services, accelerating economic recovery and creating conducive conditions for job creation. The vital need is for improved ABG administration—essentially, the skills to be able to make good use of greater funding (for example, to engage contractors efficiently, effectively and transparently).

Because expanding the ABG's capacity to govern partly depends on practical factors such as road transport, not every additional adviser would need to be a seconded Canberra technocrat or even a public servant. However, all would have to be effective in complex and sensitive cultural environments, such as those in which ex-combatants bid for contracts. The Australian Civilian Corps hasn't proved its value yet, but it worked well to support PNG's 2012 election and might be useful in sufficient numbers to achieve an impact.

Increasing the existing focus on entrepreneurship could help accelerate recovery and access to basic services in a region where per capita income is rising but still at 40% of pre-conflict levels, about half the population is under 20 years old, and a third of school-age children aren't yet attending school.<sup>10</sup> However, increasing activity in sectors such as retail, hospitality and transport requires access to skills, finance and insurance to keep expanding. Government assistance is needed, too, for example to help smallholders—the essential backbone of Bougainville's economy—deal with cocoa pod borer or to develop alluvial gold mining as a safer (and taxed) source of jobs and income.

Australian community organisations, NGOs and businesses have many of the skills needed on Bougainville, could reduce costs, and would bring other people-to-people and sustainability benefits. The taskforce should explore how to maximise the potential contribution to training from non-government sectors. The \$100 million New Colombo Plan for young Australian leaders to study in the Asia-Pacific region could offer one such avenue, as long as the personal security situation remains manageable. Australians are

relatively underrepresented among the approximately 30 international volunteers currently working with the ABG and communities in areas such as communications, business and health.

#### **4. Deploy an AFP International Deployment Group training team**

Bougainville's development is impossible without security. Half a dozen New Zealand Police have remained, mainly to help recruit, train and manage Bougainville's Community Auxiliary Police selected by village chiefs to work in rural areas, since the AFP contingent withdrew in 2005. But the fledgling Bougainville Police Service will require further assistance with leadership, investigative, mediation and leadership skills to continue developing into a professional, trusted and capable organisation as the referendum approaches. The need is partly to support disarmament, which has largely stalled as one of three pillars of the peace agreement since 2003, and without which future minor incidents will be much more likely to escalate into serious violence. A police role supporting community-led, incentives-based, voluntary disarmament efforts would help promote a demilitarising logic.

#### **5. Initiate low-key Defence involvement in rebuilding efforts**

The ADF and partner defence forces should also be able to assist confidence-building. Specialist logistics and capabilities will be needed to sustain a larger international development presence in the region until such support can be provided commercially. Appropriately enough, there are sensitivities in Port Moresby and on Bougainville about the presence of military forces, perhaps especially the ADF. Defence should start by adding a dialogue on Bougainville to its next round of discussions in Port Moresby. This should include shared planning and intelligence assessments about the situation on the island.

Looking further ahead, because any ADF activities on Bougainville would need to be conducted in partnership with the Papua New Guinea Defence Force (PNGDF) as host nation military, and at the invitation of the ABG, it will be important to identify opportunities to provide useful, nonthreatening assistance. Locating and safely disposing of large quantities of World War II ordnance—still dangerous in its own right as well as for its potential to arm new fighters—is one such area. The ADF is scoping a request by the PNG Government and the

ABG to provide such assistance, which realistically can only be delivered by military experts.

Given the sort of planning and logistics effort that militaries can bring to bear in natural disaster-prone areas, humanitarian relief activities are another innocuous area for cooperation that no-one's likely to object to. It should also be possible for parties to agree to unarmed construction experts from PNG's Engineer Battalion contributing to appropriate civil-military tasks in less sensitive areas, given the need to reconstruct vital infrastructure. And military engineers could help destroy firearms collected by the sort of revived community-led program to locate and remove weapons discussed above, and could construct and maintain armouries if the PNG Government and the ABG decide to arm the Bougainville Police Service further down the track.

The ADF has sometimes resisted proposals to take on non-military tasks such as infrastructure development in the Pacific. The reluctance to construct roads or build schools is understandable, because those aren't core military tasks and are a very costly way to deliver aid. It's time to re-evaluate that approach. The ADF needs to find constructive ways to manifest its presence on Bougainville, ensure its welcome and get 'boots on the ground', as the phrase has it, more decisively through the island Pacific. If it was in Australia's interests for the ADF to build sanitation systems and train carpenters in southern Afghanistan, it's surely strategically useful to do some of that work in our immediate neighbourhood.

Australia also has an interest in making any low-key military presence on Bougainville multinational. The New Zealand Defence Force has been a useful long-term player on the island and can add significantly to Australian efforts. Pacific island forces like the Tonga Defence Service, the Fiji military (subject to Suva's return to democracy next year) and various island police forces can play important roles, too, giving the region an active stake in building peace on Bougainville. Further afield, this would be a good opportunity for countries professing a deep commitment to Asia-Pacific security—Canada, the Europeans and others—to make small but practical contributions to rebuilding, for example with military engineers. Australia's role would be to encourage such assistance, channel it into a common effort and integrate the contributions of interested countries into a unified assistance plan, in close consultation with the PNG Government and the ABG.

## 6. Refocus international awareness and encourage donor funding through UN mechanisms

Australia's support may be indispensable, but that doesn't mean Canberra should go it alone. International organisations—especially the UN and the Commonwealth—helped address past troubles, remain engaged and could help again. The UN's Port Moresby office recently helped secure PNG eligibility for the Peacebuilding Fund. However, such funding and practical assistance currently look set to remain modest compared with Bougainville's need. International arenas for encouraging other donors (such as Japan, which contributes to Bougainville's road network) and the IMF or other mechanisms for collecting and dispersing funding to the ABG could prove equally significant.

Australia should leverage our UN Security Council seat to promote world attention and gain substantial funding, including by sponsoring eminent persons' visits. We have an opportunity to lift the level of international attention on Bougainvillean matters during our second rotational month-long term as Chair of the Security Council in November 2014. By then, the elements of an Australian strategy, preferably with substantial international support, will be in place. As we near the end of 2014, the 2015 notional earliest date for a referendum on independence will loom much closer and should engage attention at the UN. We need a strategy for making the best use of that timing while we still occupy a Security Council seat.

## 7. Mobilise regional support

Regional countries would have a special role among international partners. New Zealand played an important part at key points in the peace process, while Fiji, Vanuatu and Tonga participated in Bougainville peacekeeping. Soldiers or police from all 16 Pacific Islands Forum states were vital to RAMSI's success in neighbouring Solomon Islands. Broad regional participation would help reassure Port Moresby, the ABG and Bougainvilleans alike that neighbours with a good feel for the situation were paying close attention to all parties' behaviour. Active involvement by a range of countries with a diversity of sympathetic views would also dilute lingering suspicions that Australia is either pushing for Bougainvillean independence or opposed to it at any cost.

At the practical level, officials from Pacific Islands Forum countries could be especially helpful in capacity-building the Bougainville Public Service, drawing on a wide range

of experience to pass on leadership and technical skills alongside the seconded Australian and New Zealand officials and experts.

## 8. Empower women and community leaders

Another helpful factor in earlier peace efforts that's likely to be important again relates to strengthening the roles of local leaders, especially prominent women, chiefs and former commanders on both sides, as voices for peace.

Female leaders took some of the earliest and most courageous steps leading to the formation of the Bougainville Transitional Government in early 1995 and to start bringing communities back together. Sponsoring their discussions and outreach across Bougainville with women's groups in Port Moresby and internationally would be a useful investment, and consistent with the Coalition's pre-election policy statement on foreign affairs, which listed engaging female leaders in the region as one of just eight identified initiatives.

Genuine military leaders from the crisis era, now mostly in their fifties, also have a strong sense of ownership of the peace agreement, understand the complexities and language of peacemaking, and could prove to be the only figures able to contain younger hotheads. They, too, should be supported.

## 9. Actively foster PNG Government – ABG dialogue

Finally, to reduce the chance of disaster as the referendum approaches, Australian, New Zealand and other partners' efforts to build channels for regular constructive dialogue between the PNG Government and the ABG—currently occurring mainly behind the scenes—need to move into the foreground. Given how far all parties have fallen behind in implementing the peace agreement, a frank, reasonably positive relationship between the parties is vital to catch up. Although quarrels such as the recent row over funding have been rare, the parties' lack of regular communications could be just as harmful, causing delays to pile up, fuelling mutual frustration and damaging trust.

According to New Zealand Foreign Minister McCully, Prime Minister O'Neill and President Momis are 'actually closer together on some matters than they realise' but may need further support to work together more effectively. Although neither party is likely to enjoy being pressed to talk, and 'megaphone diplomacy' would be counterproductive, regional partners invested a lot in the 1997–2003 intervention and have a legitimate stake in trying to preserve peace.

Helping to create a secretariat for the Joint Supervisory Body, to potentially replace the under-resourced and ineffective National Coordination Office for Bougainville Affairs that was supposed to help mediate between parties, could be a start. Bolstering the UN's role as a mediator could also be useful, as it's trusted by all sides.

## Indicative costs

To be successful, this initiative would require a lengthy and significant funding commitment at a time of real budget pressures and when \$4.5 billion has just been cut out of the four-year forward estimates for aid. However, acting preventively will reduce the likelihood of much greater expenditure, as well as serious strategic costs, within the decade. It sits comfortably with a 'less Geneva, more Jakarta' paradigm and a focus on practical challenges in Australia's immediate neighbourhood.

While the initiative's final cost would depend on referendum dates, all parties' continuing commitment and the success of its early stages, an initial three-year phase from the beginning of 2014–15 would cost up to an estimated \$70 million per year beyond current spending.

Front-loading the investment starting just over 12 months before the referendum window opens would build capacity in the Bougainville Public Service and, if successful, create a virtuous cycle by reducing the staff numbers necessary for subsequent phases while boosting the likelihood of success. Government would need to consider options to support a second phase closer to the referendum, and a third phase to help implement results, subject to the parties' continuing support.

Appropriately managed budget supplementation would be an essential part of the package to make genuine autonomy viable. That element could be jointly co-funded on a partnership basis by matching some PNG Government grants. It would be administered by ABG personnel mentored by experts from the initiative, in conjunction with the new UN mechanism to coordinate donor funding.

Budgetary aid is about as fashionable as wearing socks with sandals, could stretch the ABG's short-term capacity to absorb help, is problematic for longer term sustainability and accountability, and is an uneasy fit with Australian Government's commitment to 'aid for trade'. However, for the moment the ABG needs operating funds even more than good advice if it's to have any chance of success.

Given the extent of the social, economic, political and infrastructure rebuilding required, budget supplementation of around \$40 million per year (which would match the PNG Government's 100 million kina high-impact grant) would be needed to have a substantial effect. The focus would be on service delivery as well as policy areas of the ABG. Australia should press other donors, bilaterally and in international forums; we could consider offering to match contributions from other countries up to a certain amount, and we should welcome secondments of suitable experts, and not just from South Pacific partners. We must encourage PNG to meet its commitments in as timely and dependable a way, and with as few strings attached, as possible.

In addition to the budget supplementation, Australia should consider about doubling current funding for sectoral support, advisers and their operating costs in order to pursue the nine components of the initiative recommended in this report. Here, the aim would categorically *not* be to replicate the sort of RAMSI-style shadow government necessary following the collapse of governance in the Solomons. Rather, the extra advisers would mentor the Bougainville Public Service and ensure that the temporary budget supplementation is spent effectively and accountably, to the point that they can hand over to the ABG and depart as quickly as possible.

It's not sensible to be too prescriptive about the shape of an expanded adviser group, because it's essential that it be based on the ABG's assessment of what additional support it needs and can absorb. The package would also depend on the Australian Government's evaluation of what's required, authorisation by the PNG Government, and what support New Zealand and our Pacific partners are prepared to offer. As an indication, activities beyond the scope of current support might include:

- establishment costs, housing, and additional office space within ABG HQ in Buka \$2 million
- operating costs for a three-person task force in Canberra (agencies absorb salaries) \$1 million
- an adviser plus operating costs to support volunteers (NGOs, youth ambassadors etc.) \$1 million
- 10 AFP International Deployment Group personnel to work with New Zealand Police capacity-building the Bougainville Police \$5 million

– additional business, governance, community and other advisers, as requested by the ABG	\$5 million
– a package of low-key defence initiatives (including initial airlift)	\$5 million
– community outreach to raise awareness of autonomy/independence requirements	\$1 million
– extra budget for community-led voluntary programs to locate and remove weapons	\$1 million
– operating budget to facilitate involvement by experts from Pacific Islands Forum countries	\$1 million
– operating budget to support the empowerment of local leaders	\$1 million
– an adviser and budget to recruit quality administrators from elsewhere in PNG	\$2 million
– an adviser and budget to establish a Bougainville Public Service graduate program	\$1 million
– support for international outreach and engagement (such as eminent persons' visits)	\$1 million
– operating budget to facilitate regular PNG Government – ABG dialogue	\$1 million

Reflecting the importance of Australia's national interests and responsibilities in our immediate neighbourhood, the \$70 million additional cost per year of the first three-year phase of the initiative should be offset against the current aid program. The spending should be above current development assistance to PNG for the reasons set out below.

### **Promoting PNG Government buy-in: fostering an active partnership**

Besides cost, the greatest obstacle to the proposed approach could be resistance by the PNG Government. The bilateral relationship is healthy, and on balance the 'PNG solution' is deepening the sense of a more equal partnership and promoting cooperation in areas such as policing. But Port Moresby, at once very confident and beleaguered, is in no mood to be lectured and pushed around on Bougainville or any other issue.

At the same time, Australia's and PNG's similar national interests on Bougainville mean that sovereignty sensitivities should be manageable. No country has a deeper stake

than PNG in finding a sustainable, peaceful solution for Bougainville, but both countries have a strong interest in preserving stability, the best chance for which lies in an orderly referendum delivering a broadly acceptable result. They also share interests in a result that preserves PNG's status as a successful multi-ethnic state; avoids a new mini-state emerging with such little preparation that it would be marginally viable, highly dependent on PNG and Australia, and potentially unstable; prevents the two close partners falling on opposite sides of a major row; and avoids the need for a post-referendum military intervention likely to strain ties between Canberra and Port Moresby far more than a partnership that obviates the need for a stabilisation mission. Thus, we have strong incentives to collaborate closely.

The key is to establish the initiative as a true partnership, with Port Moresby as a senior member and in the driver's seat as much as possible. Here, PNG legislation similar to the treaty-status protocol establishing the Bougainville Transition Team in June 2003 or legislation covering RAMSI in the Solomons that year would be useful to clarify each party's rights and responsibilities. The risk that moving such enabling legislation might make the initiative hostage to a vexatious constitutional challenge seems low, since the PNG Parliament's unanimous vote to amend the Constitution to give effect to the peace agreement came into effect a decade ago.

Still, a 'no disadvantage' test for aid to other parts of the country might be necessary to make such legislation and related deals acceptable in the PNG Parliament. Here, the principle contained in the peace agreement that new foreign assistance secured by the ABG must not reduce the value of aid available elsewhere in PNG might usefully apply. Additional funding would need to remain within bilateral aid treaty arrangements. But there's no reason why further increased assistance can't be directed to Bougainville within the health, education, law and justice, and transport sectors or via a new priority of implementing the peace agreement.

One thing a change of government does is to create the basis for starting a new conversation between Canberra and Port Moresby. PNG played into Australia's election debate in ways that make it sensible for Mr Abbott and Mr O'Neill to clear the air about the bilateral relationship. A serious-minded Australian commitment to Port Moresby seeking a shared approach to Bougainville may provide a useful way to refocus the relationship in the interests of both countries. Importantly, O'Neill has welcomed Australia's decision to tighten aid targeting and seems likely to play ball as long as PNG remains able to help steer.

## Promoting acceptance by Bougainvilleans: reinforcing Australia's honest broker credentials

Although Bougainvilleans have the most to lose if the implementation of the peace agreement remains stalled, they too may be wary about the proposed initiative, given the continuing deep divisions, socioeconomic dislocation and mistrust in a post-conflict society. Many Bougainvilleans have a poor understanding of what autonomy and independence actually mean or require to succeed. In this fractured environment, rumours, conspiracy theories and misunderstandings remain rife and can be manipulated. While the 1997–2003 peace monitors were necessarily scrupulously neutral, a level of suspicion remains about Australian motives relating to independence and mining.

For Canberra, an autonomy or independence outcome would each produce costs and benefits, and neither would intrinsically ensure or exclude the possibility of violence. The essential thing to secure Australia's interests is that the referendum process be conducted reasonably smoothly and be seen to be legitimate, and that all parties can live with the result. Being up-front about the benefits of giving real autonomy a chance to work, to enable Bougainvilleans to understand the options and exercise a choice between two viable alternatives, will help protect Canberra's reputation.

But Australia must resist any inclination to put all its eggs in one basket. Actively advocating an autonomy vote as the only acceptable outcome, no matter how seemingly beneficial, would be wishful thinking rather than a sound basis for policy. And it would almost certainly be counterproductive given prevailing suspicions, would be more likely to push undecided Bougainvilleans towards the opposite outcome and, more crucially, would be destabilising. Instead, we need a creative, flexible and transparent strategy able to keep turning the heat down in response to inevitable disputes and minor clashes, and to deliver a range of potentially positive longer term outcomes.

To give the package time to work, and to provide certainty and stability over the next several years, it would also be useful if Port Moresby and the ABG reached an early agreement on a referendum date towards the end of the 2015–20 window. The most pressing danger probably stems from the possibility that one party or the other could try to unilaterally launch or delay the referendum, neither of which would accord with the peace agreement, but either of which could happen if frustration continues to build.

## Next steps

As a start, the annual Australia–PNG Ministerial Forum in December will provide an opportunity to signal concern that the peace process is adrift, and to start developing a plan to work together as partners to get it back on track. For Australia, Bougainville presents potential risks and rewards. Primarily, though, the greatest risks would arise from Canberra's inactivity. There's clearly a short-term option open to the Abbott government to make no changes to the current cautious policy approach. There's no immediate sign that violent conflict is about to erupt, and the referendum's at least two years away, but the cost of drift may well be an expensive and potentially bloody Australian-led stabilisation operation not far in the future.

Alternatively, the rewards for taking a more proactive approach are potentially high. Australia has an opportunity to show that we can do more than 'send in the troops'—that we have the nous and resources to avert the need for military intervention through concerted whole-of-government action to create the conditions for lasting peace. In many ways this would be the missing conclusion to the story of stabilisation operations in the Pacific begun by the Howard government in Bougainville in 1998. Preventive diplomatic action taken now will establish the Abbott government's credentials as a peacemaker at a time of strategic uncertainty, when the region is looking for some calm and far-sighted leadership.

Subject to the interest of the Australian, PNG and Autonomous Bougainville governments, ASPI would be pleased to facilitate a dialogue to discuss the parameters of the sort of package proposed in this report.

## Acronyms and abbreviations

ABG	Autonomous Bougainville Government
ADF	Australian Defence Force
AFP	Australian Federal Police
AusAID	Australian Agency for International Development
BRA	Bougainville Revolutionary Army
NGO	non-government organisation
PMG	Peace Monitoring Group
PNG	Papua New Guinea
PNGDF	Papua New Guinea Defence Force
RAMSI	Regional Assistance Mission to Solomon Islands
UN	United Nations

## Appendix: Important dates in Bougainville's history

1885	German New Guinea Company establishes control of Bougainville
1893	British protectorate extended over the southern islands in the Solomons chain
1900	Germany withdraws claim to the Solomons, except Bougainville, in return for Western Samoa
1914	Australia occupies Bougainville as part of German New Guinea (League of Nations mandate in 1920)
1942	Invasion by Japanese; US Marines land in November 1943 (later Australian, NZ, Fiji forces)
1961	First PNG Legislative Council elections involving the indigenous population
1964	First efforts to explore Bougainville's resources by Conzinc Rio Tinto Australia (CRA) Ltd
1969	CRA subsidiary Bougainville Copper Ltd opens Panguna mine (production from 1972)
1972	Bougainville Special Political Committee created to consider future political status
December 1973	PNG granted self-government
1974	Bougainville Copper Agreement renegotiated for more equitable distribution of benefits
28 May 1975	Interim Provincial Government in Bougainville agrees to secede from PNG
1 September 1975	Interim Provincial Government declares independence; unrecognised by UN
16 September 1975	PNG independence
1976	Bougainville Agreement establishes provincial government (system later extended across PNG)
1981	Disputes intensify over the status of and income from the mine
March 1988	500 members of a new landowners faction demonstrate over mine revenue and impacts
November 1988	Dissidents walk out of talks, steal mining explosives, begin sabotage campaign
March 1989	PNGDF arrives to reinforce counterproductively heavy-handed police riot squads
May 1989	Violence continues to escalate; a state of emergency declared; mine forced to close
July 1989	Bougainville Revolutionary Army (BRA) created
March 1990	First ceasefire; withdrawal of security forces overseen by international observers
17 May 1990	Rebel leader Francis Ona pronounces a unilateral declaration of independence
September 1990	PNGDF lands at Buka at invitation of local leaders distressed by rising civil war
October 1994	Rebel leaders boycott Arawa peace talks run by South Pacific Peacekeeping Force
April 1995	Bougainville Transitional Government established; recognised by PNG
December 1995	PNGDF fires on BRA members returning from UN/Commonwealth peace talks in Cairns
September 1996	Failed Operation High Speed II followed by killing of 10 PNGDF personnel
October 1996	Bougainville Transitional Government Premier Miriung assassinated, allegedly by security forces
March 1997	PNGDF Commander Singirok ejects Sandline mercenaries hired to reopen the mine
October 1997	Second Burnham peace talks establish a truce (truce monitors agreed to in Cairns)
January 1998	Lincoln Agreement paves the way for a permanent ceasefire on 30 April
1 May 1998	Australian-led Peace Monitoring Group (PMG) replaces NZ-led truce monitors
May 1999	Former rebel Joseph Kabui elected head of Bougainville People's Congress
2000	Reconciliation following political and legal challenges to Bougainville People's Congress by Governor John Momis
August 2001	Bougainville Peace Agreement signed at Arawa
March 2002	PNG Parliament amends the Constitution to accommodate the peace agreement
June 2003	A small, civilian, Bougainville Transition Team replaces the PMG until year's end
July 2003	UN Observers Mission to Bougainville certifies that weapons disposal is complete
June 2005	Autonomous Bougainville Government (ABG) formed after a successful election
February 2006	Me'ekamui fraudster 'King' Noah Musingku's Fijian mercenaries deported
June 2008	ABG President Kabui dies in office; former rebel James Tanis elected in by-election
May 2010	Second ABG elections result in the election of President Momis
August 2011–12	PNG political attention absorbed by Somare–O'Neill–Namah constitutional crisis
September 2013	Draft Joint Review of Autonomy Arrangements by ABG and PNG Government

## Notes

- 1 More than 30,000 Australians served, and 516 were killed, on Bougainville during World War II; 727 Americans and more than 18,500 Japanese also died. Karl James, *The hard slog: Australians in the Bougainville campaign 1944–45*, Cambridge University Press, Melbourne, 2012.
- 2 See Colin Filer, 'The escalation of disintegration and the reinvention of authority', in Matthew Spriggs and Donald Denoon (eds), *The Bougainville crisis*, ANU, Canberra, 1992, pp. 112–140; Anthony Regan, 'Causes and course of the Bougainville conflict', *Journal of Pacific History*, 1998, 33(2):269–285.
- 3 Anthony Regan, *Light intervention: lessons from Bougainville*, US Institute of Peace, Washington DC, 2010, p. 2.
- 4 Australia Parliament. Joint Standing Committee on Foreign Affairs, Defence and Trade, *Bougainville: peace process and beyond*, September 1999, pp. 120–22.
- 5 Contracted specialists in place or being recruited under various programs comprise a policy development and analysis adviser; a procurement and contract adviser; a conflict resolution and weapons disposal adviser; a legislative drafting adviser; an organisation development and change management adviser; a public financial management adviser; a short-term program management adviser; a short-term legislative drafting adviser; a short-term strategic and legal adviser; a short-term strategic adviser; a short-term financial management adviser; a short-term mining negotiations adviser; four law and justice sector advisers (for planning, budgeting and reporting; infrastructure planning, construction, and maintenance; service delivery; and training); three short-term advisers to support the areas of prosecutions, investigations and operational assessments; a health and HIV program; and an adviser to the Bougainville Treasury.
- 6 John Braithwaite, Hilary Charlesworth, Peter Reddy and Leah Dunn, *Reconciliation and architectures of commitment: sequencing peace in Bougainville*, ANU E Press, 2010, p. 178.
- 7 Braithwaite et al, *Reconciliation and architectures of commitment*, pp. 83–92.
- 8 Graeme Dobell, 'From arc of instability to arc of responsibility', *Security Challenges*, 8(4), 2012, pp. 33–45.
- 9 Thiago Oppermann and Kylie McKenna, 'Sustainability of Bougainville', ANU SSGM Brief 2013/7.
- 10 Data based on a recent household-level survey led by UNSW's Professor Satish Chand, 'Post-conflict recovery in Bougainville'.

## About the authors

**Mr Peter Jennings** is ASPI's Executive Director. **Dr Karl Claxton** is an analyst at ASPI.

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#### ASPI

Tel +61 2 6270 5100

Fax + 61 2 6273 9566

Email [enquiries@aspi.org.au](mailto:enquiries@aspi.org.au)

Web [www.aspi.org.au](http://www.aspi.org.au)

Blog [www.aspistrategist.org.au](http://www.aspistrategist.org.au)

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