

Money, Guns and Politics – Mercenary Times in Papua New Guinea

The recent foray into Papua New Guinea by London-based military consultancy Sandline International attracted widespread international interest, as well as precipitating the most serious constitutional crisis in the country's 22 year history. Sandline had been contracted to 'blast' the rebel leadership of the eight year old secessionist movement on the resource-rich island of Bougainville. Sandline, in turn, had sub-contracted mercenaries from the well known South African organisation, Executive Outcomes. In the event, the Sandline affair turned into a debacle after the PNG defence force, led by Brigadier-General Jerry Singirok, rebelled against their political masters and forcibly ejected Sandline and Executive Outcomes from the country. Raising serious allegations of corruption, Singirok also called for the resignation of the three politicians most closely associated with the Sandline proposal: prime minister, Sir Julius Chan, his deputy and finance minister, Chris Haiveta, and defence minister, Mathias Ijape. After a tense stand off between soldiers loyal to Singirok — who was sacked the day after announcing his open defiance — and the PNG parliament, Sir Julius and his two colleagues agreed to 'stand down' pending the outcome of a commission of inquiry into the circumstances surrounding the Sandline contract. In the meantime the hapless director of Sandline, former Falklands 'hero' and UN peacekeeper, Tim Spicer, who had been detained by PNG soldiers, was charged by police with a minor firearms offence as a pretext to ensuring his appearance before the subsequent commission of inquiry.

The spectacle of Sandline and Executive Outcomes' dramatic humiliation at the hands of the weak 'third world' military force they had purportedly come to 'train' brought much satisfaction to opponents of mercenary activities. At the same time their appearance in this ostensibly marginal part of the world served as a reminder of the growth and long-reach of private military contractors, as well as their potential for fomenting political instability. These events also underlined the ambiguous character of corporate entities that increasingly bear little resemblance to the caricature of the old-style mercenary outfit.

Mercenaries or consultants?

In a recent Corporate Information Portfolio, Sandline describes itself as offering military consultancy and related services. Incorporated in the British Virgin Islands, the company appears to have adopted its current name in 1996, having been originally registered as Castle Engineering in 1993. Sandline apparently has a contract with another company — Plaza 107 — for the provision of representative services in the UK. Plaza 107 is owned by Michael Grunberg who assisted Sandline director, Tim Spicer, in preparing and negotiating the contract with PNG. Sandline, in turn, has a close, if abstruse, relationship with Executive Outcomes (EO). At the commission of inquiry in Port Moresby, Spicer maintained that the two companies were separate (*The Independent* 4 April 1997:6). Sandline shares its expensive office complex in Chelsea's Kings Road with two other companies — Heritage Oil and Gas (another Plaza 107 client) and Branch Energy — both of which have also been associated with Executive Outcomes (*The Independent* 4 April 1997:9). Tony Buckingham, a director of Heritage, was also involved in the PNG contract. While inconclusive about the exact nature of the relationship between Sandline and Executive Outcomes, the report of the commission of inquiry stated that there was a strong inference of 'something of a joint venture' between them (PNG 1997:4.10).

Executive Outcomes offers a wide range of security and other services and is known to be capable of mounting sophisticated operations involving armour, artillery and air-power. Its military 'consultants' wear uniforms, have ranks and are extremely well paid. EO has its roots in South Africa and the apartheid era. Established in Pretoria in 1989, it employs members of the former apartheid regime's military and counter-insurgency units, as well as a number of ex-military personnel from non-South African countries. According to one report, Executive Outcomes:

is a well-drilled, disciplined force that can field aircraft, give training in naval tactics, and has used helicopter gunships. It is staffed by former members of elite units of the South African Forces, and top-line British regiments. Its glossy brochure explains that it 'provides a highly professional and confidential military advisory service to legitimate governments'. It promises 'sound strategic and tactical advice' and 'the most professional training packages available to armed forces' (*The Independent* (UK) 16 September 1996:2).

International opposition to the use of mercenaries is found in Article 47 of the 1977 Additional Protocol to the 1949 Geneva Convention, as well as in the 1977 Organisation of African Unity Convention for the Elimination of Mercenarism in Africa. The most recent international instrument is the 1989 International Convention against the Recruitment, Use, Financing and Training of Mercenaries. Article 1 of this Convention, defines a mercenary as any person who is:

- (a) specially recruited locally or abroad in order to fight in an armed conflict;
- (b) is motivated essentially by the desire for private gain and, in fact, is promised, by or on behalf of a party to the conflict, material compensation substantially in excess of that promised or paid to combatants of similar rank and functions in the armed forces of that party;
- (c) is neither a national of a party to the conflict nor a resident of territory controlled by a party to the conflict; and
- (d) is not a member of the armed forces of a party to the conflict; and
- (e) has not been sent by a State which is not a party to the conflict on official duty as a member of its armed forces.

The 1989 Convention is designed to facilitate identification of the use of mercenaries, the effective prosecution and punishment of offenders, the clear determination of jurisdiction in each case, and extradition procedures and preventative cooperation between states. By 1997, however, only 11 states had completed the ratification process, while another 11 had commenced the process by signing the Convention. Neither Australia nor Papua New Guinea is among the signatories. Largely in response to the Sandline controversy, the opposition recently called on the Australian government to sign the Convention (ABC Radio National, International News, 30 May 1997).

Despite their abiding rogue image, the mercenary organisations that have evolved in the post Cold War era have undergone a significant transformation. Unlike their coarse and ill-disciplined predecessors, today's private military practitioners have achieved a relatively high level of legitimacy in parts of the corporate world, as well as among certain governments and international agencies. The privatisation of military security is broadly consistent with the prevailing orthodoxy of economic rationalism, with its emphasis on minimal government and maximum privatisation. Not long after the disclosure of the PNG government's plan to engage Sandline, one observer suggested sardonically that the PNG proposals provided 'a perfect example of outsourcing' (*The Australian* 4 March 1997). Not surprisingly the most forceful proponents of this view are representatives of the companies

concerned. The managing director of Executive Outcomes, Eben Barlow, dismissed Australian concerns about his company's involvement in PNG:

Apparently they (Australian government) are complaining that a private company has been brought in to train the Papua New Guinean security forces. Outside contractors to armies worldwide is nothing strange. It happens. It happens in the South African army, it happens in the British army, it happens in the American army, where outside companies are contracted by armed forces to provide them with skills. So I really don't know what the problem is (Interview on SABC TV 4 March 1997, BBC Monitoring Summary of World Broadcasts).

The massive growth in the scale and range of private security services is, of course, a global phenomenon. In the 'third world' context, this development is to be understood against the background of the increasingly unstable post Cold War international order. In place of the relative predictability of Cold War divisions, nation-states and international borders have been progressively eroded in recent years. National and superpower conflicts have been largely superseded by numerous non-ideological, low-intensity and sub-national conflicts. These conflicts are typically waged in territories presided over by weak or collapsed states and beset by high levels of population growth, urbanisation, poverty, crime, environmental degradation and political mismanagement.

International interventions in this uncertain environment are fraught with risk, occasionally leading to spectacular and costly failures, as the United States found out in Lebanon and Somalia. This, in turn, has resulted in a growing reluctance on the part of the United Nations and Western powers to get directly involved. It is this combination of internal disintegration and understandable caution by the international community that has created a window of opportunity for entrepreneurial private military security organisations. Tim Spicer of Sandline claims that his company was established:

to fill a vacuum in the post-Cold War era, to offer governments specialised military expertise at a time when Western nations' desire to provide active support to resolve overseas conflicts has materially decreased, as has their capability to do so (quoted in *The Sydney Morning Herald* 14 March 1997:9).

The more successful operators in this context are careful to distance themselves from dominant mercenary stereotypes by emphasising their own moral credentials:

There are certain governments we cannot be associated with because they support international terrorism, or they pose a threat to their own people, or they have a track record of ethnic aggression. We only work for legitimate governments which are recognised by the UN (Eben Barlow of EO quoted in *The New Statesman* 25 April 1997:24).

According to one newspaper report, the fact that Executive Outcomes exists 'is symptomatic of the failure of the international community and African political leaders to prevent the economic, social and political breakdown of many states in Africa' (*The Independent* (UK) 16 September 1996:2). The UN Commission on Human Rights' Special Rapporteur on Mercenaries has also stated that:

Underlying these services is the fact that they are offered because there are States in such crisis that they are no longer capable, constitutionally or at the military or police level, of safeguarding their borders, public order and the security of the population. In this context of crisis, which also involves distrustful, precarious relations with other States, a vacuum is created which is precisely what leads to the establishment of private companies selling security services (UN Commission on Human Rights, 20 February 1997, para 99)

In this situation Executive Outcomes has been able to promote itself as an 'upholder of international order and promoter of global peace' (*New Statesman* 25 April 1997:24), and, in the case of their usual theatre of operations, 'as a force for stability in Africa' (*The*

Economist 29 July 1995). Whatever qualms one might have about the morality of their business, it is hard to deny the success of the leading outfits in achieving their limited objectives, especially when contrasted to the generally poor results attained by weak host states or hesitant international agencies.

These organisations are themselves transnational entities, generally operating in clusters of interconnected companies, making it difficult to ascertain exact identities and allowing for regular reconfiguration. A wide range of military/security services are offered, from highly trained combat personnel, hi-tech military equipment, training, site protection, military advice and so on. Services provided are carefully tailored to the specific requirements of corporate and government clients. Their *modus operandi* permits relatively instantaneous responses, unimpeded by procedural formalities and the constraints inherent in multilateral initiatives. In addition, the larger entities are adept at reinventing themselves in the face of international criticism and new market openings, gradually expanding into less controversial areas of business.

An excerpt from a British intelligence document quoted in the South African press attests to the remarkable success achieved by Executive Outcomes during its relatively short existence:

The indications are that Executive Outcomes is acquiring a wide reputation in sub-Saharan Africa for reliability and efficiency. It has a particular appeal to smaller countries desperate for rapid assistance. UN operations are cumbersome and slow and the Organisation of African Unity (OAU) has hitherto shown itself to be generally ineffective except as a talking shop. There is every likelihood that Executive Outcome's services, which are already extending beyond the field of security into import/export and administration, will continue increasingly to be sought (quoted in the electronic *Mail & Guardian* 27 January 1997).

According to the same document, there have even been suggestions that the OAU could be 'forced to offer Executive Outcomes a contract for the management of peace-keeping continent-wide' (*ibid*).

A vital ingredient in the rising fortunes of such companies is the manner in which they have connected with the transnational mining and oil corporations operating in these unstable environments. Private security companies provide the services needed to ensure uninterrupted extraction and transportation of natural resources — services which incapacitated state security forces are, by definition, incapable of delivering. When contracted by host governments in such circumstances, payment is sometimes sought in the form of mining or other commercial concessions which provides the contractor with a substantial and enduring economic interest in the country concerned. According to the UN Special Rapporteur:

Once a greater degree of security has been attained, the firm apparently begins to exploit the concessions it has received by setting up a number of associates and affiliates ... thereby acquiring a significant, if not hegemonic, presence in the economic life of the country in which it is operating (quoted in the *New Statesman* 25 April 1997:25).

According to another report, Executive Outcomes 'is one element in a unique fusion of muscle and money' (*The Independent* (UK) September 1996:2).

It is this aspect of the operations of companies like Executive Outcomes, with its implications for national sovereignty, that has caused as much concern among critical observers, as have the more obvious humanitarian and moral issues raised by their militaristic activities.

The working environment

A precarious law and order situation provides the 'natural' working environment for organisations like Executive Outcomes and Sandline International. Civil war, secessionist conflict, endemic crime, high levels of societal violence, and limited government control are typical features of this disordered setting.

The deterioration in law and order in Papua New Guinea over recent years is relatively well known. In addition to the bloody and unresolved secessionist conflict on Bougainville, Papua New Guinea has experienced rising levels of criminal violence in urban centres, periodic banditry in many rural areas, as well as intermittent tribal conflict in parts of the Highlands. For domestic authorities and international agencies, these problems have been viewed primarily in terms of their adverse impact on economic development. This is most apparent in the case of the giant Panguna mine on Bougainville which, prior to its closure in 1989 in the face of rebel violence, accounted for 8 per cent of GDP, 35 per cent of export earnings and 12 per cent of government revenue. It is also the case with broader law and order concerns. In 1991, for example, then Prime Minister Rabbie Namaliu claimed that escalating lawlessness had the potential to do more economic damage than the Bougainville crisis and downturn in commodity prices combined (*The Australian* 12 February 1991). While the Sandline controversy originated in the proposed use of mercenaries on Bougainville, more general concerns about law and order remain a significant political issue in PNG. In announcing 1996 as the official 'Year of Law Enforcement', Prime Minister Sir Julius Chan publicly acknowledged his country's recurring 'crime nightmare' (*Post-Courier* 16 January 1996).

Many of the companies better known for their military services also provide a range of private policing services for government and corporate clients. Executive Outcomes, for example, has reportedly placed a bid for security contracts worth an estimated AUS\$1 million with agricultural and forest companies in South Africa to 'combat crime' (*Green Left Weekly* 5 March 1997:1). For companies like EO, distinctions between crime, civil disorder and political insurgency have become increasingly blurred in the quest for legitimacy and new markets. The managing director of Executive Outcomes recently explained his company's involvement in PNG primarily in terms of the country's 'crime problems':

[A]t the end of the day any government should have its own prerogative who is best able to help them solve certain problems. The people of Papua New Guinea have put pressure on the government due to instability. Crime has been on the increase. The citizens have lost their basic right of private security which they no longer have, and the government deemed it necessary to have their security forces retrained in order to prevent the escalation of crime, as well as to stabilize areas where the rebels are operating (SABC TV 4 March 1997, BBC Monitoring Summary of World Broadcasts).

Given the prevalence of crime and social disorder in parts of PNG, it is likely that the most significant opportunities for international military contractors lie in the field of protective and reactive services against 'crime' rather than in the — as yet — rarer political insurgencies of the Bougainville variety.

Paying the price

The services provided by companies like Sandline and Executive Outcomes do not come cheap. Executive Outcomes was reputed to have been paid US\$40 million per annum by the Angolan government for fighting the rebel UNITA forces of Jonas Savimbi for two years between 1993 and 1995 (*The Sydney Morning Herald* 26 February 1997:11). In 1995 EO reportedly entered a US\$15 million contract with the Sierra Leone government

to fight insurgents, as well as acquiring concessions in diamond mines (*Harper's Magazine* February 1997:45).

The inclusive fee specified in the agreement between Sandline and the PNG government for the three month contract period was US\$36 million. This sum compared to the approximately US\$23 million (PNGK30 million) annual budget of the PNGDF (*Post-Courier* 4 April 1997:19). Despite the fact that over 80 per cent of the Sandline fee was for the purchase of equipment and weapons, Commander Singirok expressed outrage that the government was prepared to spend such a large sum on this private initiative. Explaining his mutinous stance, Singirok stated:

It is my professional and ethical view that it is wrong to hire Sandline International to carry out the operations on Bougainville at a price which could re-equip and boost the morale of our Security Forces who for the past nine years have managed to contain the uprising given the depleted resources, personal sacrifices and lack of funding for vital allowances and supplies from successive governments (*Post-Courier* 18 March 1997:11).

Funds diverted for special operations such as the Sandline project inevitably cut into the recurrent budgets of government line agencies, thereby aggravating problems of state capacity. According to local newspaper reports, a total of K6.7 million was cut from the defence budget to pay for the Sandline operation, as well as K2.5 million from health and another K2.5 million from education (*The National* 29 May 1997). The Acting Finance Minister, who replaced the 'stood down' Mr Haiveta, admitted that the Sandline crisis had put the country's economy back by five or six years (*ibid*). Two months after the suspension of the operation, the Acting Chief of Staff of the PNGDF complained that Sandline expenditure had left the defence force so short of funds that it was having serious difficulty feeding its troops (Radio Australia External Service 24 May 1997).

Seeking partial payment in mineral or other commercial concessions has become a feature of Executive Outcomes operations in the cash-strapped but resource-rich environments of sub-Saharan Africa. The contract between Sandline and the PNG government specified cash only. By the time the contract was eventually suspended on the 20th of March, half of the total fee had already been paid by the government. Suspicions about possible Sandline/EO involvement in the Panguna mine had been raised when Sir Julius Chan first announced his government's intention to buy back control of the mine at the beginning of March (*The Australian Financial Review* 3 March 1997).

In his evidence to the commission of inquiry, former Commander Singirok alleged that Sandline was more interested in gaining a stake in Bougainville's natural resources than in resolving the underlying conflict (*The Sydney Morning Herald* 10 April 1997:10). Although Sandline executive, Tim Spicer, denied that his company was seeking mining concessions, a document signed by him and presented to the inquiry suggested a joint venture with the PNG government and RTZ to operate the Panguna mine once recaptured. In the document, a letter addressed to Defence Minister Ijape, Spicer reportedly proposed that:

We may be able to assist with funding and could come to some arrangements regarding part repayment with mineral concessions (quoted in *The Independent* 4 April 1997:6).

This suggestion was apparently not taken up by the PNG authorities (*National* 24 April 1997). Ian Molloy, counsel assisting the inquiry, claimed that 'it is quite plain through the whole history of the saga that the Sandline interests had an ongoing keen interest in the mine itself and to get an interest in the mine for themselves' (quoted in *The National* 15 May 1997).

The DSL connection

Tim Spicer told the commission of inquiry in April 1997 that his company first became involved in PNG in March 1996 after he was told by a friend that the PNG Defence Minister was interested in purchasing military helicopters for the PNGDF (*The Independent* 4 April 1997:5). The friend in question was Alistair Morrison, chairman of London-based security firm, Defence Systems Limited (DSL). DSL had previously been involved in other security proposals with PNG officials. The Defence Minister was Mathias Ijape. Mr Ijape, as Police Minister in the former Namaliu administration, had been closely involved with DSL in connection with the earlier police Rapid Deployment Unit (RDU).

DSL and the Rapid Deployment Unit were first explicitly linked in an NEC (Cabinet) submission, dated January 1992, seeking approval for the establishment of a special police unit to provide security at the major resource development projects in the PNG Highlands. The submission, which was approved, proposed the establishment of a large base in Goroka (Mr Ijape's own constituency) that would eventually accommodate 300 police officers. DSL was named as the security company that would train the new unit. It is likely that negotiations between Mr Ijape and DSL commenced some time in 1991. Mr Ijape had, in fact, unsuccessfully argued for the setting up of a police 'elite tactical force' in 1991 — a proposal bearing the distinctive hallmark of DSL. In February 1992, Mr Morrison visited Port Moresby at the Minister's invitation to discuss the RDU scheme. DSL opened a branch office in Port Moresby headed by its country manager, Mr Peter Codyre.

Despite intensive lobbying by DSL, Mr Ijape, and his successor as Police Minister, Avusi Tanao, lack of funds and a change of government in June 1992 effectively scuttled DSL's involvement with the RDU scheme. The new Wingti administration opposed the RDU concept on the grounds that it provided privileged policing services to the mining industry. In 1993 another proposal emerged more in tune with Wingti's internal security priorities. The proposal entailed the setting up of a Police Tactical Force (PTF). The PTF concept was remarkably similar in concept and design to the elite tactical force previously advocated by Mr Ijape in 1991. DSL were active in its formulation, promotion and proposed implementation.

It is not exactly clear how DSL first became involved in PNG, whether DSL approached PNG officials or the other way around. It may also have been through informal contacts with other members of the military consultancy industry, as in the later case of Sandline. Prior to DSL's involvement there had been contact between PNG officials and a number of international security companies in connection with the short-lived National Guard initiative during the Namaliu administration. Contact could also have been established through the mining industry, with which DSL had extensive international experience.

According to their own promotional material at that time, DSL offered a range of security services to governments, international agencies and corporate clients. It was established in the UK in 1981 by a group of ex-SAS officers and London financiers and was a member of the Hambros international banking and financial group. In 1992 it had operating companies in Singapore, Dubai, Columbia and the USA, and branches in Bahrain, Indonesia, Central and Southern Africa, and in Papua New Guinea. Among the services it offered, were: threat analysis; military training and equipment; security of strategic and commercial installations, such as embassies, power plants, oilfields, railway lines, mines, factories and agricultural estates. In addition to training local security services, DSL has been involved in providing highly trained security personnel and fast-reaction units, including ex-Gurkha soldiers (*Times of London* 7 September 1992). Corporate clients in the mining and petroleum industry have included: Endiama (Angolan State Diamond Corporation);

Cambior Mining; De Beers (Zaire); BP Exploration (Columbia); Chevron Oil (Angola); and Texaco. DSL was taken over by an American company, Armour Holdings, in April 1997 and has recently extended its operations from frontline security to what it calls post-conflict reconstruction (PCR), working with NGOs and UN agencies clearing up the mess after local conflicts.

Despite its recent metamorphosis as virtuous practitioner of PCR, the UN Special Rapporteur has identified DSL as one of number of international security organisations that have offered 'mercenary' services:

Mercenaries were not ... an exclusively African phenomenon. Although Executive Outcomes was registered in Pretoria, its holding company, Strategic Resources Corporation (SRC), was also registered in London. The United States of America had its Military Professional Resource Institute, made up of at least 7 retired army generals and 140 former officers; France its Cofras company; and Great Britain, the British Defence Systems Limited (DSL) (UN Commission on Human Rights 20 February 1997:para 39).

In Papua New Guinea, DSL used its military background and expertise to sell the concept of the Police Tactical Force to the Wingti government. Its promotional material claimed that:

The benefit of engaging DSL consultants in the formation and training of PTF type units is that the client is buying the United Kingdom Police/Army model — which is a proven, tried and regularly tested set of concepts and responses to violent crime and terrorism. DSL instructors bring with them operational experience that has been gained in counter-terrorist operations since 1972 in the UK and in all subsequent major incidents.

In May 1993 DSL organised a Ministerial and senior PNG police delegation to visit special police tactical units in Singapore, Malaysia and Indonesia — units with which DSL had been associated. Upon their return, a formal National Economic Council (NEC) submission was prepared. The role of the proposed unit was to:

- a) provide an armed Quick Reaction Force to incidents involving dangerous and armed criminals;
- b) provide armed hostage rescue and assault operations in criminal hostage/barricade situations;
- c) conduct armed raids on known/suspected armed criminal locations;
- d) conduct surveillance operations to gain intelligence;
- e) provide close protection for VIPs; and,
- f) enforce the new Internal Security legislation.

The DSL proposal envisaged a total contract period of two years divided into four training stages administered by a team of six DSL instructors. The cost of the project was estimated at K10,575,000 (1993 cost). Despite support from key members of the Wingti government and agreement, in principle, from the NEC, no government funds were ever forthcoming.

In the event, the DSL proposal was rapidly overtaken by the onset of the serious fiscal crisis of the PNG state in 1994. The company appears to have officially withdrawn from PNG when the Wingti government was replaced by that of Sir Julius Chan in September 1994. Useful experience and knowledge of PNG had nevertheless been gained, as had contacts with key political players. These contacts, as we have seen, were to be reactivated in 1996. It was the approach made by Defence Minister Ijape to his former associate Mr Morrison in March 1996 that heralded the beginnings of the Sandline saga.

Aftermath

The report of commission of inquiry into the Sandline agreement was formally handed over to acting prime minister, John Giheno, on the 29th May 1997, two weeks before the commencement of the national elections. Giheno declined to release the report immediately, claiming that he wished to study it closely. Despite this, the report was leaked to the press and widely circulated. Claiming that the report exonerated him, sidelined prime minister, Sir Julius Chan announced his resumption of office on the 2nd of June (*Sydney Morning Herald* 3 June 1997). John Giheno, however, stated that no one could be 'cleared' until he had officially released the report and that he was, thus, still acting prime minister (*The National* 3 June 1997). Mr Giheno added that he was not satisfied with the report and was considering setting up another inquiry to look into additional aspects of the Sandline affair (*ibid*). The question of who was prime minister appears to have been finally resolved on June 4th when the Attorney-General confirmed that Sir Julius was back in office (*The National* 5 June 1997). Sandline immediately welcomed his return, expressing willingness to fulfil its outstanding obligations under the suspended contract (*The Australian* 6 June 1997:7).

Ultimately the report raises more questions than provides answers and is unlikely to exorcise the lingering suspicions of corruption surrounding the Sandline deal shared by many in Papua New Guinea. The carefully worded conclusion states that:

There is no credible evidence to date of 'other arrangements' surrounding the engagement of Sandline International and there is no credible evidence upon which a finding of personal corruption or impropriety could be made against Sir Julius Chan, Mr Mathias Ijape, Brigadier General Singirok or against any public official of the State of Papua New Guinea (PNG 1997:7.14).

Although it also found that there was 'insufficient evidence upon which a finding of personal corruption' could be made against Mr Haiveta, it did not believe Haiveta's evidence concerning his dealings with Sandline contacts in Hong Kong nor his denial of knowledge about the substantial increase in the price of BCL shares that coincided with his Hong Kong visit. The Commission remained 'suspicious of Mr Haiveta's actions and motivations and, in part, rejects his evidence as untruthful' (PNG 1997:6.61). The Commission also found that Brigadier-General Singirok 'played a major role in ensuring that the State entered into the contract with Sandline and that he was a keen and enthusiastic supporter of the concept' (PNG 1997:6.25).

In his first news conference back as PM, an unrepentant Sir Julius Chan speculated that the derailed Sandline contract might still go ahead (*Sydney Morning Herald* 6 June 1997:8). He caused further disquiet by choosing a highly controversial colonel as the new defence force commander, reportedly against the advice of senior officers (*Post-Courier* 5 June 1997). The colonel in question, Leo Nuia, had been sacked from the PNGDF in 1991 after telling an ABC TV reporter that troops under his command had used Australian-supplied Iroquois helicopters to dump the bodies of Bougainville rebels at sea, as well as using them as gunships contrary to stipulations imposed by Australia (*Canberra Times* 5 June 1997:3). Ex-commander Singirok claimed that the appointment of the man dubbed by some as the 'Butcher of Bougainville' was 'silly and stupid' and threatened the credibility of the defence force (*Sydney Morning Herald* 6 June 1997:8). As well as signalling the resumption of his 'hard line' approach to the Bougainville conflict, Chan's approval of Nuia's appointment prepared the ground for Singirok's further isolation and possible prosecution.

While such actions caused great alarm among opponents of a resumption of military conflict on Bougainville, early results from the national elections suggest that the Sandline controversy has had a much wider impact than anyone anticipated. This is surprising in the light of past electoral practice, where national issues have normally played little part in voting decisions. Indications that something was afoot began with the election or return of a number of individuals who had either been vocal critics of the Sandline proposal or had stood on strong anti-corruption platforms. These included former finance secretary and central bank governor Sir Mekere Morauta, former prime minister Rabbie Namaliu, former Manus premier Stephen Pokawin, Melanesian Alliance deputy leader Bernard Narakobi, experienced Morobe politician Bart Philemon, Moresby South newcomer Lady Carol Kidu, Catholic priest Robert Lak, and former Defence and Foreign Affairs secretaries Peipul and Dusava, and the general secretary of the radical Melanesian Solidarity group Peti Lafamana.

The biggest surprise, however, has been the shock defeat of Sir Julius Chan himself, along with a number of his former ministers including former acting prime minister John Giheno and former defence minister Mathias Ijape. Sir Julius has been the member for Namatanai on New Ireland for the past 29 years and his hold on the seat was generally regarded as impregnable. His defeat at the hands of a political novice came as a crushing humiliation. Another unexpected result was the defeat of former prime minister Paias Wingti, ousted from his Western Highlands seat by the grassroots campaigner, Father Robert Lak. Never before has an incumbent or former prime minister been voted out by his constituents.

At the time of writing it is too early to determine the final configuration or policy direction of the new government alliance. It is most unlikely, however, that Sandline will make another appearance in PNG in the near future. More positively, the prospects for furthering a negotiated settlement on Bougainville are probably greater today than at any time since the early days of the conflict.

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REFERENCE

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