Mutual Advantage: 
Papua New Guinea politics, 
the election of Sir Julius Chan 
and Australian interests
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Executive Summary

Papua and New Guinea used to occupy a prominent place in Australian awareness, not only because Australia was responsible for administering these territories under UN mandate, but because the events of the First and Second World Wars had given the island of New Guinea a prominence in Australian defence thinking.

Now, almost two decades after Independence, the nation of PNG has receded somewhat in popular Australian considerations. However, Australia still has an involvement in many aspects of PNG affairs, not the least because the assistance programs Australia now provides are, in many cases, attempting to make good problems which Australia left behind unresolved at Independence. As well as the local components of the issues that any PNG government must face, the dimensions of the problems involved reflect both the continuing impact of the nation's recent exposure to the modern world and the legacy of Australia's colonial administration.

On 24 September 1993, Bill Skate, Speaker of the Papua New Guinea (PNG) National Parliament, announced that Paias Wingti had resigned his position of Prime Minister the previous evening. He then called for nominations and Wingti was re-elected Prime Minister, unanimously and unopposed when the Opposition left the Chamber in protest. Eleven months later the PNG Supreme Court declared the election to be invalid and Paias Wingti to be an interim Prime Minister, thereby requiring his position to be confirmed by a further vote of the parliament. This time, however, Wingti's political foes had time to organise and his former Deputy Prime Minister, Sir Julius Chan, emerged the victor.

Thereby, a ploy which had been designed to defy the conventional patterns of PNG politics ended in confirming its traditions. In the period since Independence, no Prime Minister gaining a majority in the National Parliament following a general election has remained in office until the next election. Party discipline is absent in the unregimented world of PNG politics, Members of Parliament are notably keen to increase their access to 'development', (that is, public funds from any source) and the conduct of politics is exceptionally competitive. In these circumstances, governments are frequently at risk of losing power through changes of allegiance during votes of no-confidence.

A 1991 amendment to the PNG Constitution extended the period within which a new government could not be challenged on lack of confidence to 18 months, and it was this protection which Wingti sought to invoke by having himself 'newly re-elected'. Instead, Sir
Julius Chan, who had appeared increasingly uncomfortable with the style of the Wingti government, found in the Supreme Court decision the opportunity to challenge for power.

Chan is now in government with the former Opposition and some of his former coalition governing partners. This does not mean necessarily that the nature of PNG politics, or the central policies of government, will change. Ideology is a rare feature in the PNG National Parliament and it is individual self-interest, closely linked by tradition to the welfare of the village or clan, which drives much of the actions of people in public life.

Any changes are likely to be targeted on a few major problems but the challenges facing the nation will remain daunting. PNG's economic situation is unpromising, that of many citizens perilous, and the administrative capacity of government limited. However, the change of government has already sustained hopes for a conclusion of the violence on Bougainville and promises the negotiation of more normal conditions in the long run. The new government has also been prompt to address the country's more pressing financial problems.

Above all, the Supreme Court's intervention has demonstrated that PNG's boisterous democracy (feared at Independence to be at risk from military coup and, more latterly, seemingly encroached upon by nascent authoritarianism) remains a vigorous and viable force in the nation.
Introduction

On 30 August the government of Papua New Guinea changed hands, not by result of a general election but by a vote of no-confidence in the National Parliament. The election of Sir Julius Chan, Deputy Prime Minister to the man he overthrew, is a cameo of PNG politics, illustrative of many of the fundamental forces which drive its events and influence its nature. This paper therefore discusses the characteristics of PNG politics and government to explain the now established pattern of consistent changes of government between elections, of which this was but the latest.

The change of government also illustrated the robustness of PNG democracy, with the Supreme Court reaffirming its role as interpreter of the Constitution and the disadvantaged government accepting the verdict, an unfamiliar event in most newly established democracies. The paper provides a background to the circumstances leading to the decision of the PNG Supreme Court and the manoeuvring which lead to the subsequent change of government. It then discusses some of the most significant issues facing the new Chan government and a number of the significant areas where those issues impinge on its relationship with Australia.
The Nature of PNG Politics

Entering politics in PNG is usually a hazardous career choice. Although four leaders have dominated national politics since Independence almost 20 years ago, it is usual for around half of the Members of the National Parliament to be defeated after serving a single term. In 1992, 59 retiring Members of the 109 seat national Parliament, including more than half of the NEC, failed to gain re-election.

Yet participation in politics is extraordinarily popular, with large numbers of candidates in each seat being normal. In national electorates the candidate list can reach three figures, especially in the highlands. Despite nomination fees being raised before the 1992 elections from 100 to 1000 Kina, a record of 1653 candidates nominated for the 109 seats. As the electoral system is based on a first past the post outcome, the successful candidate may be returned with less than 10 per cent of the total votes cast.

The National Parliament is not the only option for the politically inclined, as PNG's three levels of government include over 160 local government areas and 19 provincial governments, plus the self governing National Capital District.

The roots of PNG's popular politics lie in its ethno-cultural background and state of economic development. PNG is a particularly diverse society with over 700 language groups, where strong clan and village ties still dominate social structures. In many cases in the highlands, village societies have been opened to their first external influences only over the last 40 years, while some island societies experienced western colonisation over a century ago. In all areas the traditional ties of the clan remain strong and the expectation that clan members will support each other, that is, their 'wontoks' (one talk, literally, people who speak the same language), persists. The wontok system is the basis of PNG's social cohesion but in modern times supports an expectation that individuals who gain access to wealth will redistribute it to family and clan members.

Few communities in PNG are dominated by a chiefly system of rule and the tradition of 'big men' (individuals who can accumulate wealth, display a gift for oratory or organise the life of their clan) provided a form of clan leadership and a focus of social prestige which could be

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1 NEC, National Executive Council, that is PNG's equivalent of the Cabinet.

transferred easily to the domain of electoral politics. Significantly for the conduct of PNG public administration, the status of 'big men' is traditionally demonstrated by their capacity to dispense gifts to wontoks and followers. Equally, tradition contributes to the dominance of men in PNG politics; despite the important contribution of some women to PNG's political development there are today no women Members in the National Parliament.

To some degree, elections allow clan and village groupings to compete for prestige in supporting their candidate. This motive for political activity is sometimes sufficiently compelling to lead to violence between supporters of candidates from rival clans. The strong local influences on much of PNG's political activity encourages a predominantly regional character in many of PNG's political groupings and has made it difficult to sustain national parties. Of those elected in 1992, the largest grouping, some 35 Members, were those considered to be independents.

Economically, PNG is a third world country with low per capita income, little infrastructure and social indicators which are worse than those of smaller South West Pacific island states. Simple amenities, such as access to safe drinking water which is restricted to 30 per cent of the population, are seldom available whilst health services are sparse to non existent. In conditions such as these, life expectancy reaches only the mid-fifties and the infant mortality rate is six times that of Australia.

Options to escape these conditions are few, with only 6 per cent of the population employed in the formal cash economy. Indeed, living conditions for many in PNG have grown worse since Independence, with GDP per capita falling in six of the last 14 years. Although barely 50 per cent of the population is literate (a figure which will alter little in the near future), only one third of high school leavers are able to find a job in the formal economy.

In these circumstances the attraction of politics is as strong as are the expectations of supporters that politicians will return material benefits to their communities. Consequently, PNG politicians actively seek to become distributors of 'development', that is, to exercise the opportunity to dispense public funds to their region for infrastructure, services and to provide income. In this they may be encouraged by an

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4 Details of the economic and social situation in PNG can be found in Australian International Development Assistance Bureau publications such as The Papua New Guinea Economy, April 1993 and A Developing Partnership.
awareness that one term in Parliament usually presents the only access to regular funding that they and their clan will ever know; perhaps, as in any other democracy, Members hope that winning benefits will be seen as proof of their worth when facing re-election.

Whatever the similarities between political behaviour in PNG and other democracies, PNG differs in having institutionalised the practice of politicians being seen directly as the distributors of benefits. The Electoral Development Fund allocated to each Member of the National Parliament (known as the 'slush fund', and operated by them for the direct provision of services and infrastructure in their electorate) now amounts to 300 000 Kina each. In 1990 it had been 50 000 Kina.

The corollary of this environment is that corruption is a serious problem in politics and public administration. It is recognised as such in PNG, where special provisions have been made to counter it. Public administration is subject to standard audit procedures, but politicians also may be cited for corruption and brought before the Leadership Tribunal (and can be removed from their seat) and provincial governments may be suspended by the National Parliament for maladministration. To date, even this extensive machinery has been unable to make public corruption too risky a course to follow. As a result, corruption has become yet another handicap in the many which reduce the extent of public services and one which, in turn, reinforces itself by increasing the importance of political access to funds.

Despite some individual exceptions and, to some extent, in the period leading up to Independence, it can be appreciated that, with this background, ideology is seldom a factor determining allegiance in PNG politics, which is more notable for its resolute pragmatism. Since the small proportion of the vote with which most Members are elected tends to encourage narrow views of 'regional' allegiance, the supposed size of any political party can vary considerably during the life of a parliament. Further, since the size of any party seldom exceeds 20 per cent of the National Parliament, there is always scope for parties to negotiate with others on terms for switching support and changing the balance of power in the parliament. In such circumstances governments in PNG are always vulnerable to leeching of their support and defeat by challengers willing to strike deals in order to carry a motion of no confidence.

**Origins of the Supreme Court Intervention**

In July 1992, Paias Wingti was elected Prime Minister by one vote in the 109 seat National Parliament, after an election which was generally thought to have been 'won' by his predecessor, Rabbage
Namaliu. It was Namaliu who had gained the Opposition's cooperation in 1991 to modify the PNG Constitution, extending the period of grace within which a newly elected government could not be brought to face a motion of no confidence. Originally set at 12 months, this period was extended to eighteen.

No PNG government has served its 5 year term. Of the four men who have led PNG since Independence only Sir Michael Somare has not gained power at some stage by organising a change of government through a vote of no confidence. Namaliu himself deposed Wingti barely a year after the 1987 elections. In 1992, therefore, Wingti found himself in a position as vulnerable as he had been in 1988.

Some 14 months later, before mid-night on 23 September 1993, Wingti wrote to the Governor-General tendering his resignation. When parliament resumed on the 24th, most Members had not heard of the resignation until it was announced by Speaker Skate, himself leader of the People's National Congress which had entered coalition with Wingti's People's Democratic Movement. The Opposition, appreciating exactly the point of the exercise, walked out of the Chamber, leaving Wingti to be re-elected unopposed by 59 votes to nil - the small shift in allegiance, of four members, since 1992 demonstrating that the government's base of support had increased little.

Paias Wingti's tactic, therefore, appeared to have guaranteed him that complete term in office which no PNG Prime Minister had enjoyed. Since the Constitution effectively discourages a vote of no confidence in the last twelve months before a scheduled election, most of Wingti's term was now safe from parliamentary manoeuvrers. The government's extended period of control over 'development' could be used to encourage sufficient support to bridge the gap. It is little wonder, then, that by the beginning of 1994 Paias Wingti's coalition was estimated to have risen to as many as 72 supporters.

Opposition and Pangu Pati leader Chris Haiveta, at not inconsiderable personal expense, challenged the re-election in the courts. His case was rejected in the National Court on the argument that the Constitutional provision, for an election to be held on the next sitting day following a Prime Minister's resignation, had been met by the events of September 1993. However, on appeal, the Supreme Court in a unanimous 5-0 decision delivered on Thursday, 25 August, 1994 declared that the actions of 23 and 24 September 1993 had breached S142(3) of the Constitution and that the election of Paias Wingti was invalid.

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The justices of the Supreme Court held that the only interpretation of
the Constitutional provision that was consistent with the 'general spirit
framing the Constitution', was that 'next sitting day' meant the next
sitting day following the day on which the parliament had been
informed of the Prime Minister's resignation. PNG Chief Justice, Sir
Arnold Ahmet, who had been considered to favour the Prime Minister,
ruled that,

To avoid the appearance and accusation of conspiracy,
unfairness and manipulation for personal benefit, the most
important question of the appointment of a prime minister
first arises for consideration when Parliament is informed
formally by the Speaker.

Consistently then, after Parliament is so informed ... the
question is deferred until the next sitting day, which accords
with the need to give members of Parliament the barest
minimum time to consider the issue and the candidate or
candidates most suitable to be considered for election to this
high office.\(^6\)

Accordingly, the resignation from the office of Prime Minister being
valid, but Paias Wingti's re-election being invalid, he was deemed to
hold the position of acting Prime Minister with an election for the
office of Prime Minister required to be held on the next sitting day of
the parliament.

**Sir Julius' Challenge**

That 'next sitting day' was Tuesday, 30 August, but on the intervening
Saturday the People's Progress Party (PPP) of Deputy Prime Minister
Sir Julius Chan was holding its annual conference. The PPP was one
of the founding political parties of PNG democracy and Sir Julius, with
a quarter of a century in politics, one of its most adept practitioners.
The PPP had only some seven members after the 1992 elections, but
by now claimed a parliamentary membership of 21, constituting a
substantial portion of the Wingti government's majority. By the end
of the conference the PPP had passed a resolution that its
parliamentary members nominate Sir Julius for the prime ministership
when the National Parliament resumed.

Although an alliance with the Opposition, which at this stage had 33
supporters, was the obvious means to reach the required majority of
53 votes (since 4 seats in the National Parliament are currently

\(^6\) Quoted in, Mary-Louise O'Callaghan, 'PNG turmoil as Wingti re-election ruled
vacant), no such arrangement could be taken for granted. The main element of the Opposition, the Pangu Pati with a claimed membership of 20, had been an opponent of the PPP since 1978 when Sir Julius withdrew as Deputy Prime Minister and went into opposition, two years later to overthrow the Pangu-led government of Sir Michael Somare.\(^7\)

Haiveta, who entered parliament in 1992 after being a member of Namaliu's staff was, however, held by many to be as yet inexperienced in political leadership. A coalition shaped around Sir Julius' political experience may have seemed the best means of maintaining the nominal support of both groupings against the inducements which Wingti's camp would have been expected to offer.

Whatever the calculations involved or bargains struck, by 29 August Sir Julius was sufficiently confident to resign his office and hold a press conference with Chris Haiveta, where the latter attested to his agreement to serve as deputy to Chan. During that evening Paias Wingti's supporters concluded that he could not win a majority and the following morning he announced that he would not stand for re-election. The extent of Sir Julius' negotiations were revealed when parliament convened, with John Nilkare, nominally the third ranking member of the Wingti government, openly supporting the former Deputy Prime Minister.

By the time that parliament resumed, leadership of what remained of the government's supporters had been assumed by Speaker Bill Skate. He resigned his office, to be replaced by Rabbie Namaliu. In due course Sir Julius Chan was elected by 65 votes to 32, almost reversing the situation the Wingti government had thought it enjoyed.

**Major Issues Facing Papua New Guinea**

The problems facing government in PNG have not changed because of the parliamentary vote. These problems are difficult to solve because they reflect the country's experience during its colonial period. In the early 1950s the Ok people, of the Star Mountain region near PNG's border with Irian Jaya, first met Europeans. Within the span of two generations one of their mountains was being gouged away by, and their rivers carrying the waste of, the Ok Tedi mine. This, in a microcosm, is an important element of PNG's continuing problems -

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the processes of accommodating the sudden impact of a completely different view of the world.

It is an accommodation that was not always assisted by Australia's administration of PNG nor by the speed with which it was eventually granted its independence. In governing Papua and New Guinea after the Second World War, Australia constructed a western system of administration with little thought, throughout much of the period, as to how that responsibility might end. Common wisdom, until at least the end of the 1950s, argued that the area would be ready for self government in 100 years. Pressure from the UN in the early 1960s began to change that attitude but when Independence came, barely a decade later, little time had been available to provide in PNG the requirements for nationhood.

As a result PNG still suffers from a colonial legacy which is at odds with its current circumstances. A western system of departmental government administration exists but functions poorly, because of lack of sufficient, appropriately educated staff, a legacy in part of PNG's first tertiary education facility being founded as late as 1966. Colonial administration left behind a system of wage determination and a business cost structure uncompetitive with other developing countries, which perpetuates a major unemployment problem with all its associated social costs. When Australia concluded its mandate, only a third of the people were literate and were living in circumstances where more than 10 percent of infants died.\(^8\)

It is understandable, therefore, that improving the circumstances of PNG citizens will take decades of well applied effort. However, in two particularly crucial areas, the economy and Bougainville, the new government is moving quickly to establish a break with the immediate past and to at least begin addressing major problems.

The Economy

The PNG economy is in a difficult position and the government's finances are not well secured. At first glance the nation's economic performance is outstandingly good, with rates of growth of 9 per cent and 14.4 per cent during 1992 and 1993. However, this mostly represents the increasing value of mineral and oil exports from PNG's very rich recent resource discoveries. Little of this affects the rest of the domestic economy, where the non-mining economy grew by 1.1 per cent in 1993, a reduced rate of growth compared with immediately

preceeding years.\textsuperscript{9} The resource industries generate few jobs with little more than some 5000 positions in PNG.

Similarly, the government's income base should be sound, as PNG is potentially rich in biological and mineral resources. The Wingti government's policy was to acquire equity in the major resource projects and its resource rental arrangements were modified to facilitate the policy, with a proportion of the income diverted to cover the financing of loans for this purpose. Equity participation, however, does not guarantee as assured an income as do resource rental arrangements - as, for instance, in the case of the Ok Tedi mine which has yet to amortise its investment and return a profit.

At the same time as these policies were being implemented, Sir Julius as Finance Minister reduced taxation rates and this, together with falling resource prices - particularly for oil - significantly reduced government income. Although government expenditure was a comparatively smaller proportion of GDP than in some earlier years, the net effect was to produce several expansionary deficit financed budgets, with expenditure to purchase resource equity and provide subsidies for tree crops\textsuperscript{10} being a feature.

As a consequence, PNG's macro-economic situation had deteriorated significantly by the time of the Supreme Court ruling. The public sector deficit had risen to almost 7 per cent of GDP by early 1994 (it was 4.5 per cent in 1991) and, despite a 'mini-budget' in March 1994, it remains high. During June the nation's foreign currency reserves had decreased to $64m, sufficient to fund only 14 days cover on imports (whereas in 1992 they had been sufficient to fund 2.5 months). The extent of PNG's declining economic stocks was indicated in July when, in order to secure a loan of only $100m, the PNG government was forced to agree to grant first call on its minerals royalties to a Cayman Islands holding bank of the loan consortium.

Addressing these problems has been among the first actions of the new government. The Kina has been devalued by 12 per cent against the $US, no new government expenditure will be considered until the end of 1994 and public sector wage rates have been frozen until 1996. The


\textsuperscript{10} These are products such as coffee, cocoa, palm oil, and so on, which today in PNG are mainly produced as a cash supplement by traditional subsistence land holders. The scheme has been justified as supporting traditional village life at a time of falling commodity prices and reducing a drift to the cities where few can find work; however, in many cases the subsidies do not flow on to the producers.
objective of these moves is to stabilise government expenditure and maintain national control over macro-economic policy (in the wake of a visit by officials of the International Monetary Fund). Additionally, however, these actions should initiate a shift in benefits from the urban to the village society. Devaluation of the Kina should bring higher returns to village small-croppers who should also benefit from recent rises in world prices, particularly for coffee. In turn, these factors should allow the government to reduce its expenditure on the tree crop subsidies.

Nonetheless, significant economic difficulties will remain a problem with considerable social consequences for the foreseeable future. PNG's commercial and industrial base is small and attracts little foreign capital. It is unlikely, therefore, that devaluation will encourage much production to substitute for now more expensive imports. The small capacity of the formal PNG economy restricts expansion of employment, and will sustain for some time the difficulties faced by PNG's educated minority in finding work.

Although the advice on improved macro-economic management to PNG, from foreign governments and external agencies, is made in the expectation that improved economic performance will result, any PNG government would be aware of the problems involved in accepting such ideas. If macro-economic adjustments further reduce the capacity of government to deliver basic services, such as health, the lives of many will become more tenuous. Such circumstances are a cradle for discontent and for crime. Already, since the mid-1980s, violent crime has become a problem of sufficient seriousness to prompt the call-out of the military, to support police efforts to control raskols (criminal gangs).

Further complicating economic policy making is the prospect that the government may suffer in future a drop in its current resource sector income, resulting from an apparent reduction of investor interest in the PNG resource sector. Over the three years to 1993, expenditure on minerals exploration fell from 315m Kina to 50m, and there have been no findings of significance (in PNG terms) in recent years. Any financial result from these trends will not be seen until early next century, given that most of the current major resource projects have ten years or more remaining life. However, the priority which the new government has given to negotiating a commencement for the new Lihir mine demonstrated an intention to again attract the attention of the international mining community.

Bougainville

Since becoming Minister for Foreign Affairs and Trade in February, Sir Julius Chan has persistently sought to unravel the elements of the
rebellion on Bougainville, which has challenged the national government since 1989 when, by May of that year, the Bougainville Revolutionary Army (BRA) had succeeded in forcing the closure of the Panguna copper mine.

The leaders of the BRA represented a group among the Nasioi tribe, the traditional landowners of the area. In challenging the legitimacy of their clan elders in the established Panguna Landowners Association, this group made a series of new demands for compensation on the mine operators. These the latter could not meet, and in pursuit of them the BRA turned to guerilla operations in mountains of the Crown Prince Range, where the mine is located.

However, the conflict on the island has many sources. The BRA tapped into, and was influenced by, a strong sentiment against incorporation into PNG amongst Bougainvillians, which was strongly demonstrated at the time of Independence. This sentiment was a particularly prominent component of the regionalist pressures which lead to the institution of provincial level government in PNG - a step to provide the assurances necessary to ensure the previous colonial entity passed *in toto* to the new nation.

The Panguna mine was a source of discontent at many levels. Australia had speeded the development of the mine before Independence to increase the new nation's financial base, but violated local customary law in the process. The PNG government subsequently failed to conduct a tenth year review of the mine's operations, part of the original agreement, and missed an opportunity to correct perceived injustices. To many Bougainvillians this suggested that the national government was interested in no more than the revenue the island generated, leaving the locals to contend with the social and environmental consequences of mining.

Successive PNG governments failed to unravel the complex stands of the conflict on the island. The visit of an Australian Parliamentary delegation to Bougainville, in May 1994, offered the opportunity of a circuit breaker by opening the way to widespread consultation. Sir Julius, in his role of Foreign Minister, utilised this opening far more effectively than did Paias Wingti. The latter was confusing in his responses, publicly accepting the delegation's argument that the violence could be ended only by negotiation, but continuing to offer talks only after the unconditional surrender of the BRA.

Prime Minister Wingti appeared to be clinging to concepts of a 'military victory' as late as August, after the PNG Defence Force moved into the area around the Panguna mine site. Sir Julius differed from his Prime Minister in continuing to arrange for the commencement of negotiations, even after military operations began in the Panguna area.
On the weekend following the Supreme Court's decision, the heads of the PNG Prime Minister's, and Foreign Affairs and Trade Departments held discussions in the Solomon Islands' capital, Honiara, with Sam Kauona, the military head of the BRA. A week later Sir Julius, who had declared his intention on election as Prime Minister not to relinquish control of peace efforts on Bougainville, met Kauona and on 8 September an agreement implementing a cease fire was signed. This took effect two days later (to allow the news to reach isolated forces). The agreement commits both sides to restrict their armed units to their fixed positions, allows citizens freedom to move about the island (effectively revoking PNGDF military control of personal movement) and schedules a pan-Bougainville peace conference to be held on the island no later than 10 October.

The conference will be held at Arawa under the auspices of a peacekeeping force composed of some 400 personnel from Fiji, Tonga and Vanuatu, with logistic and financial support provided by Australia. The force is intended to deploy by 3 October and control four designated neutral areas. The conference itself will draw representatives from all sectors of Bougainvillian society and assess the inhabitants' desires for the direction a settlement should take. Sir Julius gave an undertaking to the National Parliament that all contentious issues, such as pardon and amnesty, reconciliation, compensation and restoration to normal conditions, will be open for discussion at the conference, as will be the question of independence for the province. The duration of the conference has been restricted, on the grounds that this will encourage a resolution and remove the risk of the peacekeepers, scheduled to be withdrawn by 17 October, becoming a de facto police force.

Bougainville, then, is clearly the area where the change of government has had its most significant impact. Sir Julius has abandoned the Wingti government's stance that the BRA was, or had degenerated into, a raskol (criminal) group, and that the territorial integrity of PNG would be necessarily endangered by Bougainville's secession. Sacking the Commander of the PNGDF, Brigadier General Dademo, who is associated with the policy of military victory on Bougainville, served as a symbol of the government's change of policy. From the time that he first floated the concept of a regional peacekeeping force, Sir Julius sought undertakings from Australia to organise, support and fund its operations and gained a commitment to that end when he met Prime Minister Keating in Canberra on 14 September.

Despite these considerable recent advances, the Bougainville rebellion is not yet over. Neither the BRA nor any other group on Bougainville

represents a majority opinion on the issues facing the island. The BRA remains strongly in favour of independence but the majority of popular opinion, as discerned by the Australian Parliamentary delegation, desires a return to normal with the quick resumption of services provided by the national government. Even if the formal leadership of the BRA accepts this position, factionalism within the organisation suggests that some units may fight on, either for independence or as a local variant of the crime gangs which plague the rest of PNG.

Perhaps a more significant obstacle to a peaceful settlement is the degree of animosity among Bougainvillians. After the period of BRA dominance in 1990, when the PNGDF had withdrawn from the island for a short time, and opponents of the BRA became victims of physical abuse and sometimes murder, the conflict became a civil war. Even after the re-establishment of PNGDF positions on the island, much of the fighting occurred between the BRA and the Resistance. The latter were Bougainvillians, armed with government or home-made weapons, who actively defended their villages against the BRA, while the PNGDF often remained confined to base areas because of inadequate financial support, logistics and transport.

It is unlikely that the recent opponents of the BRA will be enthusiastic for an independence which may increase the influence of their former foes. Furthermore, in a society where pay-back killing remains a strong tradition, it is unlikely that a ten day conference will resolve many of the bids for retribution, compensation and reconciliation that the rebellion has engendered. Many of the island's traditional leaders argue that this process will take at least eighteen months if it is to effectively prevent the growth of a cycle of retributive killings.

There already has been one peace agreement for Bougainville\textsuperscript{12} which has failed. Bougainville's history and culture suggest that as long as it remains part of PNG, its relationship with the rest of the country will need careful management, as will the relationship of other regional groups with the national government.

Nonetheless, the new government has been able to achieve a significant advance and Sir Julius Chan's pragmatism appears to have contributed towards ending a conflict that has taken hundreds of lives, has ruined what was once one of PNG's more developed provinces and has cost the nation hundreds of millions in revenue foregone from the Panguna mine and in finances for PNGDF operations. The more pragmatic approach of Chan's government may be sufficient to bring a more lasting conclusion to the fighting.

\textsuperscript{12} The Endeavour Accord, signed on the RNZN ship of that name in 1990, which gained little adherence from either side.
Provincial Government

PNG is constitutionally a unitary state. The provincial level of government was not one of the concepts originally contemplated as the country neared Independence. But lacking the elements normally underpinning nationality (common language and culture, religion, ethnic origin), provincial government was introduced as a compromise to keep the formerly Australian administered territory together.

Bougainville is thus not the only area of PNG where separatist sentiments are being heard. PNG has a history of micro-nationalism dating from before Independence, and threats of secession are such a tradition in political bargaining between different levels of government that they are used even by landlocked areas of the country. However, the new government now faces a more believable threat than most, as a result of attempts to streamline the nation's political structure by reducing the number of levels of government.

In general, provincial government has come to be recognised as a system PNG can ill-afford. Competition on the political level has frequently led to inefficiency in the delivery of services to the population and the country is, as yet, unable to provide the administrative talent required to run two levels of government. In 1993, an all-party committee of the National Parliament, chaired by Ben Micah, was established to consider the issue. The committee reported in early 1994, recommending the abolition of provincial assemblies, with control of provincial administration to pass to a body composed of the National Parliament Members from the province and representatives of local government bodies. As the PNG provinces were created by act of the National Parliament in 1977 as 'Organic Laws', their existence can be changed by amendment of those laws, if carried by a two-thirds majority vote.

The proposals, not unexpectedly, outraged provincial level politicians, with those from the island provinces being sufficiently well-organised to hold a conference with the issue of secession on the agenda. The immediate crisis was defused by the need to redraft the Micah committee's legislative proposals, but now the islands' Premiers have decided to test the resolve of the new government, setting 1 January 1995 as the date for leaving PNG if demands for maintenance of their political roles are not met.

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13 The four provinces involved are New Ireland (home of both Sir Julius and Ben Micah), East and West New Britain, and Manus. The more southerly of the Papuan islands, such as the Trobriands, are in Milne Bay Province and identify with the Papuan group of provinces.
Sir Julius has reaffirmed support for the Micah committee proposals, with a mixture of appeal to national unity and threat of use of the security forces against intending secessionists. However, his desire to end the violence on Bougainville will hamper the Chan government's dealings with provincial politicians. The provincial level of government was instituted, in part, to overcome Bougainvillian objections to joining PNG at Independence, and it is likely that any agreement capable of ending the Bougainville conflict will include some significant degree of local political autonomy. It will be difficult to concede this point on Bougainville whilst refusing it to the island premiers.

As noted above, Sir Julius has told the National Parliament that the issue of independence for Bougainville will be discussed if raised at the pan-Bougainville conference. If pursued seriously, this position represents a significant change of policy. PNG governments (with significant urging from Australia) have seen the secession of one area of the nation as containing the threat of the disintegration of PNG.

If Sir Julius becomes convinced of the benefits of ceding Bougainville's independence, his decision will have to be weighed against the risks of setting a precedent for the island provincial politicians. In the event it may be the lesser risk, for the causes of discontent are not generally as strong elsewhere as is the case on Bougainville; nonetheless, the violence which occurred on the Gazelle Peninsula of New Britain in the early 1970s, emphasises the consequences to PNG of the Chan government miscalculating on this issue.

**Australia's Involvement**

At the Paris Peace Convention of 1919, Prime Minister Billy Hughes argued with force for Australia to be granted the trust protectorate of formerly German New Guinea. After the Second World War, the concept of the strategic importance of the island of New Guinea to Australian defence, which had inspired Hughes, became deeply rooted in Australian popular consciousness. At present this conception still lies at the base of much Australian awareness of PNG.

Although PNG became independent in 1975, the Australian and PNG relationship continues to sustain some degree of Australian involvement in most of the major issues facing PNG. More than $300m of development assistance, and around $20m of defence cooperation funding, is allocated by Australia to PNG each year. In a sense, this can be seen as an on-going commitment to develop those

national functions and capabilities which were incompletely provided by Australia before it accelerated, in the early 1970s, the time frame for granting Independence.

Australian companies have investments probably approaching $1 billion in PNG, particularly in resource industries. Between 10 000 and 12 000 Australian nationals are resident in PNG. Australia has a formal defence agreement with PNG, shares a common border zone through which there is considerable traditional movement and is responsible for charting PNG's waters and shipping routes.

Australia's development assistance was formerly paid directly into the PNG treasury, a procedure with little precedent elsewhere, and indicative of attitudes not fully attuned to the consequences of PNG's independence. Current policy is to gradually transfer assistance funding to specific projects, identified and agreed conjointly by both nations. By the year 2000 it is expected that only the equivalent of some $50m of Australian assistance will be paid directly into PNG finances. Toward the end of his government, Paias Wingti had appeared to have become more relaxed about this policy change, but Sir Julius has continued to be publicly opposed to the concept of project aid.

Nevertheless, his statements have also indicated that he knows PNG is in a weak position to oppose Australian policy, and the current weakness of its economy will probably encourage the Chan government to formally accept the concept. The Australian government has agreed to advance 1994-95 financial year budgetary aid to PNG, without further discussion on the change of development assistance policy, to cushion the effects of the Kina devaluation.

The increasing emphasis on project aid follows more normal international practice, and is expected to benefit ordinary PNG citizens by identifying, developing and delivering specific community development projects. Programs have already been initiated in areas such as education, rural development, infrastructure and agriculture, with a significant emphasis on approaches to improve the circumstances of women in PNG. A central thrust in AIDAB's project aid strategy is to use its implementation to support institution building, that is, to develop skills and experience within PNG government departments and agencies to help them improve the effectiveness of PNG public administration. An example of this is the Royal PNG Constabulary (RPNGC) project, which may well extend to a 15 year program of targeted training before its goals are considered to have been achieved.

Australian financial assistance is also likely to be a significant factor in the outcome of any dispute between national and provincial
politicians. The distribution of Australian financial aid through the PNG national government has strengthened the latter's hand in circumstances where its ability to exercise effective authority in some areas of the country is limited. Although project aid by its nature will be allocated more directly to regions where projects are to be developed, the national government will still retain considerable control in working with Australian officials to identify and develop projects. Australian adherence to this policy, and an undertaking not to treat with would-be secessionist provinces, would constitute among the most significant of deterrents to the island premiers pursuing their threat to leave PNG.

Indeed, such action would probably be of greater impact than any assistance Australia might undertake to provide the PNG security forces in such an event, a conclusion supported by the impact of the Bougainville conflict, which has frustrated the management of Australian security assistance to PNG. Since the rebellion there, and in response to the growth of crime and violence around PNG's cities, the agreed basis of security cooperation between the two countries is that PNG should concentrate on internal security, placing as much priority as possible on the development of the RPNGC. Effective moves in this direction have been handicapped by the financial and personnel costs of the PNGDF deployment on the island. Any success the new government may have in reducing the deployment will not only allow it to reduce expenditure (which this year for the PNGDF was 50 per cent over normal budget), but to re-deploy security forces to meet other significant requirements.

Amongst these are the problem of containing crime and controlling violence, both in urban areas, and in the highlands where tribal warfare is becoming more dangerous with the freer availability of firearms. Equally important will be meeting those needs, raised by the Australian Prime Minister at the recent South Pacific Forum meeting, for PNG to better protect its maritime and terrestrial resources. PNG's administrative incapacity to manage its resource areas has cost the government millions of Kina in revenue, equivalent to erecting 6000 class rooms from the value of under-collection of revenue on logging exports in 1993 alone.15

PNG territory covers, in the Bismark Sea, one of the world's greatest nurseries of southern blue fin tuna. No PNG agency can provide aerial surveillance of this area and the PNGDF patrol boat force during the Bougainville conflict has had only marginal capacity, at best, to deploy in this area. During the meeting of the South Pacific Forum, Australia

proposed a restructuring of its aerial surveillance assistance aimed at increasing time spent above the waters of South West Pacific states, including PNG. If an end to the conflict on Bougainville allows PNG to benefit from initiatives such as this and to better manage resources such as its fisheries and forest, the results may be to the mutual advantage of more people than just those of Australia and PNG.

Conclusion

In many ways politics and government policy will continue as before the election of the new Chan government. The conduct of PNG politics is beginning to assume a 'traditional' nature; change will more likely lie in accommodation to its characteristics than in efforts to alter practice. The major policy issues facing the nation have long term causes and will not be quickly corrected. The limited capacity of the public administration to implement and manage policy will continue for some time to reduce the effectiveness of policy, the development of the country and the quality of its citizens' lives.

Australia has an important role in assisting PNG overcome its problems and gain full benefit from the strengths of its resources and people. Both as largest aid donor, and from long association, Australian views are well received and its advice trusted, whatever irritation its expression may sometimes cause. The strength of this trust has sometimes blinded Australian's to PNG's status as an independent country and produced Australian dismay where PNG tradition has produced divergence from westernised tradition. Nonetheless PNG's development has been rapid considering its recent introduction to the modern world and it has in a short time produced many impressive citizens. That the number of its educated population is small, and that this should severely hamper the efficiency of its government at all levels, is not surprising. It is similarly predictable that shaping development assistance to overcome this deficiency should be a principle strategy of Australia's relationship with PNG, one which is likely to persist until well into the 21st Century.

However, the main significance of the election of the new Chan government is the reaffirmation of the strength of PNG's boisterous democracy. Before Independence many people, both in Australia and PNG, feared that the new nation would soon follow many third world countries into authoritarian government. Since Independence, it has been the frequent disruptions created by the vigorous pursuit of majority rule which has attracted attention. During the Wingti government it was the assertive style of the Prime Minister and the behaviour of the security forces, especially on Bougainville, which again raised fears of an encroaching authoritarianism. Yet, with the ending of his government, there was no questioning by Paias Wingti
of the role of the Supreme Court or of the validity of its judgement. With PNG to celebrate 20 years of independence in 1995, it may well be the strength of the democracy it has developed over two decades which may see the nation through until a time when its current problems are largely overcome.