

CHAPTER SEVEN

Strategic issues: Regional security and transnational organised crime

Introduction

7.1 In 1989, the report of the Joint Committee on Foreign Affairs and Trade, *Australia's Relations with the South Pacific* made the following observation:

Discussion on the South Pacific inevitably refers to a changing strategic environment, perceptions of increased instability, and the possible implications of the changing circumstances of these countries for Australian policy and interests.¹

7.2 It is noteworthy that this observation is still relevant today, some fourteen years later. It is also important to note at the outset that concepts of security extend beyond military issues, and are tied to broader notions of economic, social or environmental crises and vulnerability in many Pacific island countries.²

7.3 Notions of Pacific security have taken two distinct paths since September 11, 2001. Whilst civil conflict has continued to impact severely on the stability of Papua New Guinea and the Solomon Islands, and the ongoing trials of those involved in the 2000 Fiji coup³ are a reminder of the political and racial turmoil that has beset the Fijian nation since 1987, the current 'War on Terror' has added a second debate to Pacific security. This debate has sparked the interests of those who regard the Pacific, in particular the Melanesian nations, as an 'arc of crisis' or 'arc of instability' to the north of Australia.

7.4 This chapter will outline the current debate on security in the Pacific, current issues of internal security in the region, regional coordination and the nature of Australian engagement and involvement and the implications for Australia of security developments in the region.

1 Joint Committee on Foreign Affairs, Defence and Trade, *Australia's Relations with the South Pacific*, March 1989, p. 143.

2 See also, *Submission 49*, p. 13 (Department of Defence). See also, *Submission 50*, p. 14 (World Vision)

3 Police investigations are currently underway into those responsible for the removal of President Ratu Sir Kamisese Mara during George Speight's May 2000 coup. These include Fiji's Army Commander, Commodore Frank Bainimarama, Chairman of the Great Council of Chiefs, Ratu Epeli Ganilau, former Prime Minister and 1987 coup-maker, Sitiveni Rabuka, and the police commissioner, Colonel Isikia Savua.

Current debate on security in the Pacific

The threat of terrorism

7.5 Discussion of security issues in the Pacific region has roused much debate, particularly following the 2002 *Beyond Bali* report by the Australian Strategic Policy Institute (ASPI). In a chapter titled ‘Our Failing Neighbours’, ASPI stated:

...Three of our closest neighbours—Papua New Guinea (PNG), the Solomon Islands and Vanuatu—are in different ways struggling to survive as functioning nations and societies. The Solomon Islands is the furthest down the road to state failure, but PNG and Vanuatu also face serious problems... We have humanitarian concerns about the well-being of our neighbours, and important concerns about their providing footholds for transnational crime in our neighbourhood... The arc of islands which those countries occupy has been the traditional focus of Australia’s most acute strategic sensitivities... As long as we are concerned about defending Australia from direct military attack, we need to be concerned about the ability of any potentially hostile power to operate from bases in those islands... These countries are potential havens for terrorist groups...⁴

7.6 ASPI’s claim that weak Pacific states might fall prey to terrorist organisations targeting Australia has subsequently been contested by both Pacific leaders and from within Australian academic circles arguing that there are degrees of instability but these conflicts are unlikely to internationalise:

There is resistance in the academic community to this notion of an ‘arc of instability’, largely because it is a pretty easy catchphrase and it is one of those things that journalists in particular like to seize upon. If you examine the states from our west and north-west through to our north, north-east and east, you see a considerable variety of situations. Undoubtedly there is internal conflict in many of them, but the term itself essentially hides the very many positive factors occurring in each of these countries and the ways in which the countries themselves are dealing with their particular problems. It really is an overdramatic term to use in our estimation; certainly in mine.

We see that within our region there are degrees of turbulence and conflict that are, in many cases, being contained by the countries themselves and with the support of Australia and other actors in the region. Sure, there is a degree of instability, but in many places the instability is not of an order that will cause total collapse. It has not been, to date at least, an instability which has attracted international players. That was a point made earlier. These internal conflicts have not been internationalised, with perhaps the partial exception of those occurring in eastern Indonesia. We would be surprised—I certainly would be surprised—if the disputes in Melanesia and further east

4 Australian Strategic Policy Institute, *Beyond Bali, ASPI’s Strategic Assessment 2002*, November 2002, p. 28.

do attract the attention of international groups hostile to our interests in this region.⁵

7.7 The view that catchphrases such as ‘arc of instability’ ignores the successes of the region and diverts attention away from the real causes of conflict was supported by Dr Bronwen Douglas. Dr Douglas also suggested that there is a danger of excessive negativity:

There is a danger of excessive negativity. There is also a danger of objectification in framing the questions primarily in terms of our interests, although obviously that has to be a major consideration, if not the major consideration. The very fragmentation and differentiation of these societies is a serious problem for them. It is a serious problem for aid efforts, but it also suggests that the danger of a concerted focus against us, or of providing a terrorist or other focus against us, is fairly unlikely. ...I think there is a very real danger of easy catchphrases, and I do not think there is any virtue in replacing the ‘arc of instability’ with something else, particularly because of the very diversity of this region.⁶

7.8 ASPI bases its analysis that these countries are potential havens for terrorist groups on the basis that their weak security infrastructure means that such groups could slip in to these countries unnoticed.⁷ However, whilst security infrastructure is certainly an issue in the region, the Committee was also reminded that much of the region is very fervently Christian and it was suggested that many in the region have strong prejudices and fears about Muslims and would therefore resist linking up with Muslim oriented terrorist groups.⁸

7.9 Mr Graeme Dobell remarked that the political somersaults that have afflicted PNG, the Solomons and Nauru should not obscure the relative success of democracy in the Pacific.⁹

7.10 The Committee agrees that political stability of much of the Pacific cannot be overlooked. However, whilst the potential for terrorist organisations to infiltrate the region is a serious concern, albeit debateable, the insipid nature of transnational crime—drug trafficking, small arms trafficking, and money laundering—is prevalent in parts of the Pacific and are considered below.

5 *Committee Hansard*, 18 October 2002, p. 7 (Douglas)

6 *Committee Hansard*, 18 October 2002, pp. 7–8 (Douglas)

7 Australian Strategic Policy Institute, *Beyond Bali, ASPI's Strategic Assessment 2002*, November 2002, p. 28.

8 *Committee Hansard*, Friday 18 October 2002, p. 7 (Douglas)

9 Mr Graeme Dobell, “The South Pacific: Policy Taboos, Popular Amnesia and Political Failure”, *The Menzies Research Centre Lecture Series: Australian Security in the 21st Century*, Canberra, February, 2003.

Internal security

7.11 In June 2001, the Secretary-General of the Pacific Islands Forum stated that “new and emerging issues have replaced the orthodox security threats of nuclear testing, colonisation, and foreign military invasion...The main challenge for the Pacific Islands is dealing with their own internal security as we see in Fiji, Papua New Guinea, Solomon Islands and Vanuatu”.¹⁰

7.12 In Melanesia, struggles for self-determination have been or continue to be apparent in almost every country. Civil unrest can be triggered by poor governance, flawed political systems, poor leadership, unequal access to political processes and a lack of democratic participation. This situation is exacerbated in societies in a transition from traditional to modern systems of organisation and governance, and in which the benefits of development are shared unequally.¹¹ The Committee was also advised that land—its ownership, redistribution, reform and exploitation—has been a major factor underlying much supposedly ethnic or political conflict.¹²

7.13 In addition, the Committee received a lot of evidence relating to the cultural diversity and social fragmentation across the region and within particular countries. Political instability is as much related to this fragmentation, including the lack of ability to form any sense of national identity:

You have 20 per cent of the world’s cultures in the Pacific and one per cent of the people of the whole planet: 20 per cent of the world’s languages and cultures exist in the Pacific Islands, including New Guinea island. It is that diversity. There might be a few dozen people speaking one of these languages, living in one of these cultures, so it is small numbers with a large amount of diversity. ... The causes are to do with this diversity and fragmentation. The word ‘fragmentation’ seems to suggest that it is more recent. It is not; it is thousands of years old, and people do see themselves very differently. For that reason, they find it very hard to produce a nation state, as much as we would like them to do so.¹³

10 See *Submission 37*, pp. 32–33 (Australian Council for Overseas Aid). ACFOA also stated that a report submitted to the Forum Regional Security Committee in 2000 argued that “the most serious security threat in the region is internal security” caused by a mix of “ethnic differences, land disputes, socio-economic disparities and the perception of governments’ inability to address the problems that are of paramount importance to the majority of the people.” At the Forum Regional Security Committee Meeting, held in June 2001 in Fiji, the Forum’s Secretary General Noel Levi noted: “the region’s security environment had become more fluid and uncertain with the emergence of newer threats to regional security including transnational financial crimes such as drug trafficking, money laundering, and people smuggling. The Leaders also noted the increasing incidences of civil unrest.”

11 *Submission 19*, p. 20 (OXFAM Community Aid Abroad)

12 See also, *Submission 6*, p. 4 (Dr Ben Reilly)

13 *Committee Hansard*, 18 October 2002, p. 19 (McCall)

7.14 Coupled with these issues is the increase in the movement of illicit drugs and firearms. Indeed, in April 2003, the Secretary–General of the Pacific Islands Forum revealed a ‘frightening increase in the movement of small arms in the Pacific, which he saw as the cause of ‘destabilisation’ in some countries and areas in the region.’¹⁴ The Committee was also advised that firearms and corruption in some countries, particularly PNG and the Solomon Islands, have now become part of the culture:

The blend of the new culture with the old is particularly evident in the use of violence, extortion and other crime in the name of ‘compensation’, and the extension of traditional distributional mechanisms to corrupt practices where malpractice for personal gain has often become malpractice for community or clan gain.¹⁵

7.15 There has also been a trend for some Pacific governments to seek alternative sources of revenue through questionable activities such as the sale of passports, flags of convenience and money laundering, all of which are potentially quite destabilising.

Solomon Islands

7.16 The first indication of the severity of internal security problems affecting the Solomon Islands can be gauged from the latest DFAT travel advice regarding the matter:

We continue to advise Australians to defer all holiday travel to Solomon Islands. Australians should consider carefully their need to undertake other travel to Solomon Islands at this time. Solomon Islands is experiencing major law and order problems, particularly in Honiara and Auki, and in rural areas of Guadalcanal and Malaita provinces. The police have a limited capability to respond effectively to serious breaches of the law, including curtailing the activities of former combatants who still hold large numbers of weapons.¹⁶

7.17 In addition, the recently released report from ASPI, *Our Failing Neighbour: Australia and the Future of the Solomon Islands* paints another bleak picture of the Solomon Islands as a failing state:

Solomon Islands, one of Australia’s nearest neighbours, is a failing state. Over the past five years, a slow–burning political and security crisis has paralysed the country’s capital, stifled its economy, disrupted its government, discouraged aid donors, and inflicted suffering and hardship on its people. The country has virtually ceased to function as a sovereign state,

14 See *Submission* 66, p. 23 (Dr Jo Herlihy)

15 *Submission* 66, p. 23 (Dr Jo Herlihy)

16 See DFAT website: http://www.dfat.gov.au/zw-cgi/view/Advice/Solomon_Islands

and on its present trajectory there is a high risk that its land and people will become effectively ungoverned.¹⁷

7.18 Ethnic tension in the Solomon Islands has been prevalent for a number of years, culminating with clashes on Guadalcanal in December 1998. Guadalcanal people are reported as resenting the influence of settlers from other islands, particularly from Malaita and their occupation of land. People from other islands were drawn to Honiara and its environs by perceived economic opportunities.

7.19 By mid-1999, the Guadalcanal militants had taken control of the countryside around Honiara which resulted in up to 20,000 Malaitan settlers fleeing into Honiara. Despite some repatriation, many of those settlers have returned to Honiara. Violence also increased at this time with the emergence of a Malaitan militant group, the Malaita Eagle Force (MEF), which undertook armed action on Guadalcanal. The Honiara Peace Accord brokered in June 1999 failed and the conflict continued. A Multinational Police Peace Monitoring group, sponsored by the Commonwealth with assistance from Australia and New Zealand, comprising police from Fiji and Vanuatu, arrived in Honiara in October 1999.

7.20 It has been reported that fearing a coup, then Prime Minister, Bart Ulufa'alu requested Australian intervention assistance to address the conflict and rapidly declining economy. The Australian Government did not accept this invitation stating that "Australia remains willing to provide further support to facilitate the success of the peace process, while recognising that the communal problems on Guadalcanal are deeply entrenched and that effective "home-grown" solutions must be developed to address them."¹⁸ Instead, Australia funded an expansion of the Commonwealth Multinational Police Assistance Group (MPAG). On 5 June 2000, MEF militants, together with disaffected police officers, seized control of key installations in Honiara and took Prime Minister Ulufa'alu hostage, demanding his resignation. On 13 June 2000, Ulufa'alu submitted his resignation.

7.21 Peace talks at the RAAF base in Townsville, between 9 and 16 October 2000 leading to the Townsville Peace Agreement (TPA) which provided for a weapons and general amnesty, disarmament and demilitarisation, restructuring of the Royal Solomon Islands Police and the decommissioning of the "Joint Operations Force". It also provided for the compensation of individuals and proposed development of areas affected by the violence and displacement of people. An indigenous Peace Monitoring Council (PMC) was charged with responsibility for implementing the peace, with the assistance of an International Peace Monitoring Team (IPMT), established at the invitation of TPA signatories.

17 Australian Strategic Policy Institute, *Our Failing Neighbour: Australia and the Future of the Solomon Islands*, June 2003, p. 6.

18 Minister for Foreign Affairs and Trade, "Solomon Islands", *Media Release*, 12 May 2000.

7.22 However, a number of former militants continue to operate personal fiefdoms with armed followers. This has contributed to a general climate of lawlessness and criminal violence, particularly in Honiara, elsewhere on Guadalcanal, and on Malaita.

7.23 The Committee was advised that many Solomon Islanders are deeply ashamed and angry about the coup and are inclined to treat it as a one-off occurrence in the hope of conveying, particularly to outsiders, that the country is safe and returning to normal. However, this is far from the case:

Random shootings, extortion demands, and greater use of security guards by individuals and even communities have created an almost nation-wide climate of apprehension. Even where no overt threats have been made, the pervasive fear remains. The underlying fear of further violence, or of another coup, has noticeably dampened the vocal enthusiasm for reform that preceded the 1997 elections and is still distorting governmental and parliamentary processes.¹⁹

7.24 Notwithstanding these circumstances, the Committee was encouraged to learn from the National Peace Council in Honiara that, in six months, peace efforts had resulted in approximately 725 weapons-free villages (from a total of approximately 1600 villages).

7.25 The Committee was disturbed to receive evidence that suggested that, as a result of the persistent incapacity of the Government in the Solomon Islands, the islands have become attractive to criminals, particularly in relation to money laundering:

But what was obvious in the Solomons was that, once that central government had lost any efficiency or authority, more individuals—I think of doubtful reputation—moved there because it was a place where you could launder money and all those sorts of things. Weak states unable to police themselves attract those sorts of activities.²⁰

7.26 As mentioned in Chapter Six, the Committee considers the Regional Assistance Mission to the Solomon Islands as very positive both in terms of engagement by Australia and more generally as a regional initiative. The Committee is hopeful that this mission will adequately address the issues highlighted above. However, the Committee also reiterates its earlier point that particular attention needs to be paid to the ‘post-conflict’ phase of disarmament, demobilization, demilitarization, reconciliation, rehabilitation, indigenous leadership of the peace process, gender relations, reduction in incentives and opportunities for ‘spoilers’ and ‘profiteers’ and including re-building/re-engineering state institutions.

7.27 The nature of the environment has dramatically changed since the Committee first begun its inquiry. As outlined earlier in the Report, the Committee is very

19 *Submission 66*, p. 12 (Dr Jo Herlihy)

20 *Committee Hansard*, 18 October 2002, p. 6 (Nelson)

supportive of the very urgent need for the restoration of law and order. However, the Committee also considers there to be a number of factors that must be taken into consideration as part of the overall mission. The Committee insists that the underlying causes of the conflict must be addressed in order to ensure a lasting peace. There is a strong need for the development of infrastructure to enable goods such as cocoa and copra to be moved for export to regenerate foreign reserves and given the important role civil society, particularly women's groups and churches have played to date in delivery very basic services, efforts at rebuilding the economy and the provision of health and education should be made in close consultation with all relevant stakeholders.

7.28 The Committee also considers there to be a need for reconsideration of the current compensation scheme operating in the Solomon Islands as the Committee was advised that this scheme has had a devastating effect on both corruption and the psyche of Solomon Islanders.

7.29 The Committee notes the recent announcement by the Minister for Foreign Affairs of the increase in funding to the Solomon Islands National Peace Council and the Solomon Islands Christian Association Peace Office as elements of Australia's development assistance. The Committee is very supportive of such initiatives.

Recommendation 30

The Committee recommends that, within the context of *Operation Helpem Fren*, the Australian government facilitate the involvement of key Australian indigenous leaders and advocates in working with their Solomon Islands counterparts to promote and implement the proposed reforms.

Recommendation 31

The Committee recommends that as a discrete Parliamentary contribution to *Operation Helpem Fren*, officers of the Australian Parliament and the Parliamentary Education Office be made available for capacity building programs for the Solomon Islands Legislature.

Papua New Guinea

7.30 PNG is at the forefront of the current debate discussed earlier in the report regarding the effectiveness of Australian development assistance to offset the violence and failures of governance. The DFAT website advises Australians that there are numerous issues to take into consideration if planning to travel to PNG:

Crime rates are high in the capital Port Moresby, including car thefts, assaults, bag snatching and other robberies. Lae, and some other urban centres in the Highlands provinces, have also experienced increases in criminal activity in recent years. Visitors should take appropriate security precautions, avoid isolated areas and not walk alone, especially at night. The settlement areas of towns and cities, and particularly those in Port Moresby,

should be avoided. To date major hotels in most tourist and urban areas have been found to have reliable security measures in place.

In the past few months there have been several car hijackings and armed robberies in certain locations along the highway between Lae and the Nadzab Airport. Travellers should remain vigilant while travelling this road, especially the two and nine mile settlement areas. There has been a recent outbreak of ethnic violence in the Takara settlement, just outside of Lae (near the University of Technology). Travellers should avoid this settlement area.²¹

7.31 Indeed, widespread violence during the 2002 national elections, tribal conflict in the Southern Highlands,²² and a breakdown of law and order in pockets of the nation, have punctuated PNG's domestic security and fuelled external commentary such as:

...Unless the quality of Government in the Southwest Pacific can be restored, and social and economic development resumed, we risk seeing our neighbourhood degenerate into lawless badlands, ruled more by criminals than by legitimate governments...²³

7.32 Again, during the recent elections in the Southern Highlands province of PNG, there was also the possibility of increased tension and violence and DFAT still advises Australians that despite a significant number of weapons have been handed in to authorities in recent months, many are still at large in the community.

7.33 This was supported in evidence to the Committee and given PNG's close proximity to Australia, the Committee considers this issue to be particularly disturbing:

One other point I will make is that in the Southern Highlands the degree to which the Southern Highlanders are armed—and armed with weapons of military efficiency and capacity—is very disturbing. The groups in the Southern Highlands are generally better armed than the police who go there, and therefore the police are not likely to go in there. Indeed, on occasions the Southern Highlanders would welcome them because they can then possess the police arms; they can disarm police and take arms. The Southern Highlands area is a real concern because of the numbers and styles of armaments available there. You almost have a situation of warlordism operating.²⁴

21 See, DFAT website: http://www.dfat.gov.au/zw-cgi/view/Advice/Papua_New_Guinea

22 See also, *Submission* 36, p. 6 (Professor Hank Nelson and Mr David Hegarty); and *Committee Hansard*, 18 October 2002, p. 6. Professor Hank Nelson stated that "...in the Southern Highlands, the degree to which the Southern Highlanders are armed—and armed with weapons of military efficiency and capacity—is very disturbing."

23 Australian Strategic Policy Institute, *Beyond Bali, ASPI's Strategic Assessment 2002*, November 2002, p. 29.

24 *Committee Hansard*, 18 October 2002, pp. 6, 22 (Nelson, McLeod)

7.34 In addition, the issue of the porous nature of the PNG border with Indonesian West Papua raised concern as many border communities have familial ties on both sides, crossings are common and easy, and the border area is almost impossible to police.²⁵ The Committee was advised that, over the years, Indonesian military have made occasional incursions into PNG in ‘hot pursuit’ activities and the patrol posts along the border are ill-equipped to deal with more vigorous incursions that may be justified under the anti-terrorism banner.²⁶ Indeed, little is known about the border communities, some of which have the highest rates of malnutrition and lowest per capita incomes in PNG.

7.35 In relation to the potential for increased cross-border terrorism, the Chief Secretary of the Prime Ministers’ Department of PNG reiterated these concerns:

As far as we are concerned, our main worry is how to provide security for a lot of the facilities and assets in PNG, especially those that are owned by foreigners, including people from Australia and the United States. I think the real threat would be the threat of upsetting Australian and American interests in PNG. From the information we have, the potential threat comes from that direction, especially from the north. We share a border with one of our common neighbours in the north, and security arrangements on that border are not as strong as we would like. There has been some information that terrorist movements in that area are gaining momentum. It is an area we would like to manage, but we have very meagre resources to do that.²⁷

7.36 Whilst the DFAT advised the Committee that the amount of traffic across the Torres Strait is relatively small, this may not always be the case:

From my perspective, the question of transborder shipments of weapons or drugs is mainly focused on the Torres Strait, which is part of the parish which I deal with, and the amount of traffic there seems to be relatively small. It is not, as I understand it, a well-developed mechanism for trafficking of either drugs or weapons. That is not to say that it is not happening in other parts of PNG, merely that I am not part of the process which would look at that. It is not my impression that PNG has yet been identified as a place where there is a substantial trafficking of weapons or drugs—that is not to say that it could not be, merely that it is not at the moment.²⁸

7.37 Other concerns raised with the Committee included:

25 *Submission 66*, p. 24 (Dr Jo Herlihy)

26 *Submission 66*, p. 24 (Dr Jo Herlihy)

27 *Committee Hansard*, 28 March 2003, p. 442 (Kalinoe)

28 *Committee Hansard*, 25 October 2002, p. 94 (DFAT). See also, *Submission 65*, p. 8 (Torres Strait Regional Authority). The Torres Strait Regional Authority also raised internal security issues within the Western Province as a concern for the most northern Torres Strait Islands of Boigu, Dauan and Saibai, which are approximately five kilometres off the PNG mainland.

- the use of military troops to deal with civilian situations such as the policing of industrial disputes, clashes with land and resource owners over mineral and timber projects, and crackdowns on criminal “raskol” gangs and unemployed youths; and²⁹
- the passing of restrictive legislation and, at times, the introduction of severe forms of social control by the PNG Government.³⁰

7.38 Reaffirming the Committee’s earlier comments in relation to law and order in Chapter Three, the Committee considers these issues to be particularly damaging to PNG’s economic and social future.

Bougainville

7.39 The Bougainville crisis has probably had the most serious and dramatic impact on the Pacific region in recent years, severely damaging the body politic of both Papua New Guinea and Solomon Islands.³¹

7.40 The conflict on Bougainville began in 1987 as disputes flared over compensation claims arising from the use of land by the Bougainville Copper Limited (BCL) mining company, a subsidiary of Conzinc Riotinto Australia (CRA). In 1997, the PNG Government and Bougainvillean officials reached agreement to end the lengthy secessionist conflict and to establish a Truce Monitoring Group (which later became the Australian-led Peace Monitoring Group (PMG)).

7.41 The Bougainville crisis inadvertently contributed to an increase in conflict in the Solomon Islands, as the Solomon’s police increased their military capacity to cope with cross-border raids by PNGDF troops in pursuit of Bougainville Revolutionary Army (BRA) militants and civilian refugees.³²

7.42 On 30 August 2001, the Bougainville Peace Agreement was signed at Arawa, Bougainville. It provided a framework for disarmament and an autonomous Bougainville Government. Currently, weapons disposal is the main focus of the peace process, with over 1700 weapons contained to date. By the end of 2002, Australia had contributed \$100 million over five years towards development on Bougainville, as well as leading the four-nation Peace Monitoring Group since 1998.

7.43 Australian participation in the PMG³³ ceased with the withdrawal of the PMG at the end of June 2003. However, on 12 June 2003, the Minister for Foreign Affairs, Mr Downer, announced that a Transition Team would be established to replace the PMG at the conclusion of its operations on 30 June that would ‘further advance the

29 *Submission* 30, p. 13 (Mr Nicholas Maclellan)

30 *Submission* 19, p. 20 (OXFAM)

31 *Submission* 19, p. 20 (OXFAM)

32 *Submission* 37, p. 32 (ACFOA)

33 The Peace Monitoring Group is comprised of Australia, New Zealand, and Vanuatu.

peace process on the island'.³⁴ The Minister stated that the transition team would consist of 17 unarmed civilians that would support the existing small United Nations Observer Mission on the island.³⁵

7.44 The withdrawal of the PMG is to be followed by the election of the Bougainvillean autonomous government with the aim of holding a referendum in 10–15 years to determine Bougainvillean independence.

7.45 The second draft of Bougainville's proposed constitution has been prepared. The draft constitution states that only Bougainvilleans may own customary land, stand as a candidate in elections, vote in elections or enjoy other guarantees of the law. The constitution proposes the establishment of offices of a Chief Justice and judges, a public prosecutor and commissions for elections, property boundaries, salaries, public services, an ombudsman, auditor and chief of correctional services. The Constitution makes provision for the recognition of local custom and tradition, and gives the traditional chiefs an unspecified deference. The Constitution includes guarantees of human rights similar to those stated in PNG's Constitution.

7.46 In support of the peace process, Australia also provides substantial development assistance to Bougainville. In 1997, Australia committed \$100 million over five years to help further settlement efforts, promote reconciliation and undertake reconstruction of health, education and infrastructure services on Bougainville. However, the Committee notes that continued Australian and international assistance will be essential for Bougainville's long-term development and for the restoration of effective government institutions and services.

7.47 The Committee acknowledges that substantial steps have been taken to progress the peace process and the disposal of weapons on Bougainville, and particularly the role Australia has played in that process. Bougainvilleans should also be praised for their efforts in involving themselves in the process and the rebuilding of the island.

7.48 Whilst the general consensus is that Bougainville remains relatively stable, it is certainly a disturbing chapter in the history of PNG and the Committee is particularly concerned about informal allegations of weapons being transferred between Bougainville and the Solomon Islands. If such allegations are correct, there is potential for further destabilisation in this area. The Committee considers this issue to be most serious and draws it to the attention of the Australian Government for further consideration.

7.49 The Committee recognises a need for continued support for reconciliation and reconstruction in Bougainville and urges the Australian Government to continue its

34 The Hon Alexander Downer MP, *Media Release*, "Bougainville Transition Team", 12 June 2003.

35 The Hon Alexander Downer MP, *Media Release*, "Bougainville Transition Team", 12 June 2003.

dialogue with all stakeholders, including non-government organisations working with Bougainvilleans in order to ensure a lasting peace.

Fiji

7.50 On 19 May 2000, a group of terrorists led by George Speight seized control of the Parliament and took hostage the (then) Prime Minister Mahendra Chaudhry and members of his government, holding them for 56 days. The hostage-taking was followed by the purported abrogation of the 1997 Constitution; the departure of then President Mara and the installation of three successive unelected interim administrations.

7.51 Speight has since pleaded guilty to treason, with ten of his co-accused pleading guilty to a lesser charge under a plea-bargain arrangement. Speight was sentenced to death (at that time the mandatory sentence for treason), a sentence commuted to life imprisonment the same day. The others were sentenced to imprisonment for periods between one a half years and three years. Two of the co-accused did not join in the plea bargain. They were tried and found guilty of treason. More recently, several others, including the Vice President, the Minister for Youth, Employment Opportunities and Sports, and the Deputy Speaker, have been charged with serious offences relating to the coup.

7.52 While Fiji has enjoyed a period of relative political stability since the election of Prime Minister Laisenia Qarase, the issue of the exclusion of the Fiji Labour Party (FLP) from the Cabinet remained unresolved for an extended period adding to tensions.

7.53 One submission recommended that, as an initial step to prevent any further instability in the region, Australia host a conference, possibly through the Pacific Forum or in cooperation with regional bodies. It would involve New Zealand and the Pacific Island nations, to establish what is feasible both individually and collectively, to ensure that no democratically elected government in the Pacific need ever again fear that it might be overthrown by illegal or violent means.³⁶

Vanuatu

7.54 Vanuatu has, in recent time, been subject to instability within the Police Force. In raids on 4 August 2002, members of the Vanuatu Police Force, led by Deputy Commissioner Holi Simon and Vanuatu Mobile Force Commander Apijack Marikempo, arrested 15 senior officials on sedition charges in protest at the perceived lack of transparency in the appointment of a new Police Commissioner.

7.55 Prime Minister Natapei condemned the arrests of the senior officials as illegal and the four police officers were tried for mutiny. The Supreme Court found the four guilty of mutiny, inciting mutiny, kidnapping and false imprisonment on 5 December 2002 and they are currently serving two year prison sentences.

36 *Submission 66*, p. 13 (Dr Jo Herlihy)

7.56 The Committee notes that a new Police Commissioner was appointed in February 2003 whose early focus has been on improving discipline among the ranks and restoring morale.

Nauru

7.57 In recent years, the Nauru government has suffered significant instability due to discontent over poor financial management. Since November 1996, there have been eleven changes in government, eight resulting from parliamentary motions of no confidence.

7.58 During 2003, Nauru has endured a litany of political failures. Bernard Dowiyogo was appointed President on 18 January 2003 after former President Rene Harris was deposed in a vote of no-confidence by the House. On 20 March 2003, Derog Gioura was elected President by Parliament following the unexpected death of Dowiyogo on 9 March 2003. Parliamentary elections, which had been scheduled prior to President Dowiyogo's death, were held on 3 May. Initially there were three candidates for the Presidency, each commanding six votes, resulting in a deadlock that ran for three weeks. On 29 May, former Speaker, Ludwig Scotty was elected in a second round of votes by a margin of ten to seven against former President Kinza Clodumar. David Adeang, leader of the Nauru Amo (Nauru First) Party, had been eliminated in a first round vote. President Scotty appointed his ministers and formed a government on 4 June with the support of the Nauru Amo party.

7.59 As outlined in Chapter Six, social instability has also been reported as a result of the Nauruan Government's decision to accept asylum seekers for processing as part of Australia's policy of offshore processing of asylum seekers. Nauru has also been linked to passport sales as a dubious means of revenue raising and in its 12th annual report in May 2001, the OECD's Financial Action Task Force on Money Laundering detailed its work against so-called "non-cooperative countries and territories" of which, Nauru was one.

Militarism

7.60 Another issue brought to the Committee's attention is the militarisation of some Pacific island countries' military and police forces, and also the culture that accepts the use of force by the State to resolve political and social conflict within the society.³⁷ PNG has seen the intervention of military forces in the civil affairs of the country.

7.61 The Committee was advised that, as well as the direct effects of military operations, the culture of militarism can affect the values and ethos of a society, for example:

The role of troops in internal operations has indirect spillovers to other sectors of society (e.g. incidences of domestic violence against Papua New

37 *Submission 30*, p. 13 (MacLellan). See also, *Submission 37*, pp. 32–33 (ACFOA)

Guinea women by soldiers returning from the Bougainville war; the use of stolen military weapons in robberies in post-coup Fiji; the gun culture that has flourished in Solomon Islands amongst marginalised youth). Criminal behaviour by groups of young men has become a serious concern for local communities, and the militarisation of youth will pose increasing threats to the security of island states.³⁸

7.62 One submission expressed concern that foreign governments (especially Australia, New Zealand, Britain, France, and the United States) have contributed to the process of militarisation through the supply of training and equipment. Both Australia and New Zealand have pursued a policy of offering military-oriented support to local police forces. Australia has built and renovated military bases, and supplied naval patrol boats to several Pacific island countries, as well as providing other kinds of military equipment. Such actions do not, in the Committee's view, constitute an aggravation nor a promotion of militarist tendencies in the Pacific.

Regional cooperation and the nature of Australia's involvement and engagement

Defence cooperation

7.63 The Department of Defence advised the Committee that it seeks to maintain Australia's position as the key strategic partner in the South Pacific region. Australia conducts a broad defence engagement strategy in the South Pacific through the Defence Cooperation program.

7.64 The aim of the Defence Cooperation program is to support Australia's defence relationships throughout the region by contributing to the maintenance of regional security and, where appropriate, assisting with the development of the security self-reliance of South Pacific countries. This is effected largely through the Pacific Patrol Boat program, which provides most South Pacific nations with the capability to patrol and protect their exclusive economic zones.

7.65 Under the Patrol Boat program, Australia provided the boats as well as significant infrastructure, adviser, logistics and maintenance support and, for some nations, a subsidy to assist with the significant cost of fuel for the vessels. However, the individual island nations have been responsible for day-to-day operations and maintenance. As the project has evolved, the vessels have increasingly been given additional complementary roles. These include search and rescue, disaster relief, sovereignty visits to isolated islands and support for national institutions, particularly in support of health authorities or during national elections.³⁹

38 *Submission 30*, p. 13 (MacLellan). See also, *Submission 37*, p. 32 (ACFOA)

39 *Submission 49*, pp. 6–7 (Department of Defence). During the Committee's visit to the region, the Government of Samoa advised the Committee that it had used the patrol boats to conduct search and rescue operations since 1997. In 2000, this included 20 operations, in 2001, 22 operations, in 2002, seven operations and as at 22 May 2003, one operation.

7.66 The Department advised the Committee that more recently, Pacific nations have developed more of a regional outlook on cooperative security arrangements which has included patrol boats conducting patrols in each other's exclusive economic zones and having the legislative and procedural processes in place to board, search and detain suspect vessels in each other's jurisdictions.

7.67 In August 2000, under the Life Extension Program, the Australian Government agreed to double the life of each of the 22 boats enabling them to operate for a total of 30 years each.⁴⁰

7.68 During its visit to Samoa, the Committee was advised by the Samoan Government that the rate of use of the patrol boat was 32 days in 2000, 40 days in 2001 and as at 22 May 2003, 22 days in 2003. The Committee considers these to be very low rates of use. If this is the result of the cost of running the boats or because of the lack of adequately trained crew, then the Committee believes that a fundamental review of the project is in order.

7.69 Evidence to the Committee suggested that the Defence Cooperation Program has at times been controversial. For instance, it was the Australian supplied patrol boats and helicopters that were used for the blockade of Bougainville and in 2000, the Solomon Islands boat was co-opted by Malaitan militias against Guadalcanal villages.⁴¹

7.70 However, Defence Cooperation activities also provide assistance to regional security forces in the areas of strategic planning, training, infrastructure and command and control. Defence advised the Committee that it will continue to target assistance carefully under the Defence Cooperation program to assist those South Pacific countries in which declining law and order is of concern, making them more vulnerable to transnational crime such as smuggling in arms, drugs or people.⁴²

7.71 There are only three countries in the Pacific islands with standing armies (Tonga, Fiji, Papua New Guinea), though Vanuatu and Solomon Islands have elite paramilitary units as part of their police forces. Besides PNG, the Australian Defence Force has development cooperation programs with the other eleven countries in the region that have Pacific Patrol Boats: Vanuatu, Tonga, Solomon Islands, Samoa, Kiribati, Tuvalu, the Republic of the Marshall Islands, the Cook Islands and the Federated States of Micronesia and Palau. The Defence cooperation relationship with Nauru is very limited.⁴³

40 The cost of the Life Extension Program is expected to be in the order of \$350 million. This consists of \$75 million in capital costs and \$275 million in ongoing maintenance, training and operational costs.

41 *Submission 30*, p. 13 (MacLellan)

42 *Submission 49*, p. 3 (Department of Defence)

43 *Submission 49*, p. 10 (Department of Defence)

7.72 In recent years, there has been a new focus on joint peacekeeping operations together with New Zealand and Pacific island forces such as the South Pacific Peacekeeping Force in Bougainville, the Truce Monitoring Group and Peace Monitoring Group in Bougainville, INTERFET and UNTAET in East Timor and the International Peace Monitoring Team in Solomon Islands.

7.73 The recent release of *A Defence Update: Australia's National Security*, by the Minister for Defence highlighted the resource issues facing the Australian Defence Forces in the region:

Given the South Pacific's economic and social decline, Papua New Guinea and the Pacific Island Countries will continue to face serious transnational threats, such as crime and unauthorised people movements. Political, economic, and social crises that directly affect Australia, or in which Pacific countries seek Australian assistance, are likely to arise at short notice, and might require involvement, including swift deployment of the ADF. Military or civil assistance could be required to restore law and order, to evacuate Australians, or to help in humanitarian disasters. The strength of our national interests, and our prominent leadership role in the region, means that Australia could be called upon to provide assistance to the region in times of crisis, and will need to maintain the capability to respond effectively.⁴⁴

7.74 The *Update* also specifically noted PNG, the Solomon Islands, Fiji and Vanuatu as areas of concern. In relation to the Solomon Islands, *Operation Anode*, also known as 'Helpem Fren', has seen the deployment of approximately 1500 Australian Defence Force personnel, together with:

- a troop of four Army Iroquois helicopters from Oakey, Queensland;
- an engineering group from Townsville;
- a Combat Service Support Team mainly from Townsville and some personnel from Sydney providing logistics and maintenance support;
- an air element of two Caribou aircraft and crew from Amberley and Townsville for airlift support;
- the transport ship HMAS Manoora home-based in Sydney with about 300 personnel providing a transport, logistic and medical support base, including two Army medium landing craft from Townsville;
- minor war vessels to be used in a maritime patrol role;
- two naval Landing Craft Heavy (LCH) from Cairns; and
- Air Force C130 transport aircraft will also support the mission.

7.75 The Department advised the Committee that, as part of the Australian Government's approach to maintaining regional security, Defence is committed to

44 See <http://www.defence.gov.au/ans2003/contents.htm>

maintaining the bilateral and multilateral activities with the three defence forces in the South Pacific. Australia's assistance to the Pacific defence forces will remain focused on training, infrastructure support and the building of the civil–military cooperation skills required for either peacekeeping or humanitarian assistance operations. However, in the event of political instability in any country in the region, the Government may direct the cessation of Defence Cooperation assistance at short notice.⁴⁵

Attorney–General's Department

7.76 The Attorney–General's Department advised the Committee that globally, the criminal environment is volatile. Crime syndicates 'cash in' on the opportunities presented by globalisation of communication and transport and removal of trade barriers and border restrictions. Thus, there is a need to reconcile two seemingly contradictory aims: trade liberalisation and the effective control of transnational criminal activities.⁴⁶ Matters are further complicated by the speed with which technology has developed, with all law enforcement agencies confronting highly sophisticated crime networks employing a range of tools such as encryption devices, mobile telephones and electronic mail.

7.77 Law enforcement cooperation takes place between Commonwealth, State, Territory and international agencies. The Attorney–General's Department is also closely involved in working with a number of agencies and organisations in the South Pacific region, such as:

- Pacific Islands Forum
- Forum Regional Security Committee (FRSC)⁴⁷
- Pacific Islands Law Officers' Meeting (PILOM)
- Financial Action Taskforce on Money Laundering (FATF)⁴⁸
- Asia–Pacific Group on Money Laundering⁴⁹
- Australia–Papua New Guinea Ministerial Forum
- Fiji Law Reform Commission (Bribery and Corruption)

45 *Submission 49*, p. 14 (Department of Defence)

46 *Submission 34*, p. 1 (Attorney–General's Department)

47 The FRSC is a meeting of operational law enforcement agencies within the Pacific Islands Forum. The Committee includes representatives of regional police, customs, immigration organisations who meet to discuss issues of common concern.

48 The FATF was formed in 1989 by the G7 Group of countries to formulate and encourage the adoption of international standards and measures to combat money laundering.

49 The Asia–Pacific Group on Money Laundering (APG) was established as an autonomous regional anti–money laundering body in February 1997. The purpose of the APG is to facilitate the adoption, implementation and enforcement of internationally accepted anti–money laundering standards in the Asia–Pacific region.

7.78 Since 1992, the Pacific Islands Forum has been developing a new focus on regional security, with a series of declarations at Forum meetings:

- The 1992 *Honiara Declaration on Law Enforcement Cooperation*, promoting legislative assistance on issues of extradition and transnational crime;
- The 1997 *Aitutaki Declaration on Regional Security Cooperation* which broadened the Forum's mandate and widened its focus to include regional security policy issues;
- The 2000 *Biketawa Declaration* which outlines principles and guidelines for regional action during times of crisis in member countries, allowing the Forum Chair and Secretary General to respond to security crises in a variety of ways and supporting good governance, human rights and democratic processes. It was under the principles set out in this declaration that Forum Foreign Ministers met to discuss a regional response to assist the Solomon Islands; and
- The 2002 *Nasanini Declaration* which draws on the Honiara Declaration and updates it to address potential terrorist activities in the region. It also refers to the Security Council Resolution 1373 and the eight special recommendations of the Financial Action Task Force on money laundering.

7.79 The Honiara Declaration calls upon nations of the South Pacific to have in place legislation to combat crime, particularly international crime. The Declaration emphasises the importance of having legislation to enable the extradition of persons; provide and receive mutual assistance in criminal matters; trace, seize, freeze and forfeit the proceeds of crime; and counter money laundering activities.⁵⁰ Australia has in place the full range of legislation to implement the Honiara Declaration. The Declaration states:

The Forum recognised terrorism as a threat to the political and economic security of the region, and noted the various international conventions in the field. It identified areas of possible cooperation amongst Forum governments, particularly in intelligence gathering, training of personnel and joint exercises in dealing with serious incidents. While recognising the primary role of other networks, particularly police, in addressing this area, the Forum agreed that Forum programmes, particularly in the civil aviation area, should continue to take account of terrorism concerns.

7.80 However, prior to 11 September 2001, combating terrorism was not seen as a priority in the region and many of the Pacific island countries have no framework for dealing with terrorism. Transnational organised crime and terrorism are now widely recognised as a growing problem. The Department advised the Committee that through bodies such as the Pacific Islands Forum, the Forum Regional Security Committee and the Pacific Islands Law Officers' Meeting, Australia has urged South Pacific jurisdictions to consider adherence to international anti-terrorism instruments such as the United Nations Convention Against Transnational Organised Crime and

50 *Submission 34*, p. 2 (Attorney-General's Department). See also, *Committee Hansard*, 25 October 2002, p. 141 (Attorney-General's Department)

the migrant smuggling and firearms Protocols. The Committee was advised that within the region, Nauru has signed the Convention and the Protocols. UN Security Council Resolution 1373 also sets out a comprehensive set of measures for combating terrorism.⁵¹

7.81 The Committee also notes that following the PILOM meeting in October 2002, the Samoan Attorney-General, as the chair of PILOM, wrote to the Secretary-General of the Pacific Island Forum and proposed a plan of action to ensure that draft legislation is provided to jurisdictions to enable them to comply with the Nananini Declaration and the UN counter-terrorism conventions.⁵² Whilst the Nananini Declaration nominates the end of 2003 as the target date for implementation, it must be recognised that the size and resources available to Attorney-General's Departments in some jurisdictions in the region is very small. In addition, there is often a lack of parliamentary time to debate legislation and therefore, the ability to meet such timeframes is not always possible.⁵³ However, the Committee notes that the Attorney-General's Department has contributed advice on legislation to implement the Honiara Declaration, advice on regional weapons control legislation, on regional security matters and has also provided assistance in the prosecution of cases in the region.

7.82 The Committee was advised that the Department also contributed to a Pacific Regional Workshop on Combating Terrorism. The Forum Secretariat is developing a matrix on the implementation requirements, technical assistance needs and technical assistance available to South Pacific jurisdictions for implementation of the UN Security Council Resolution 1373.

7.83 The Commonwealth Director of Public Prosecutions has also provided training to prosecutors in the region through the International Association of Prosecutors. Similarly, to support judicial training the Department has established the Institute of Judicial Administration within the Attorney-General's Department. It will assist Pacific judges through the provision of professional advice and training.⁵⁴

7.84 Security issues have also been high on the agenda at the Forum Foreign Affairs Ministers Meeting (FFAMM), which met for the first time in Apia in August 2000. In the wake of coups in Fiji and Solomon Islands, the FFAMM established a working group to develop draft proposals for the leaders to consider, on possible

51 Measures include: preventing and suppressing the financing of terrorism, criminalising the provision and collection of funds for terrorism, freezing of assets related to terrorists and terrorist activities, prohibiting the making of funds available to those involved in terrorist acts, refraining from providing any form of support, preventing the commission of terrorist acts through early warning, denial of safe haven, preventing acts against other States or citizens, ensuring justice and appropriate penalties, encouraging international cooperation; and preventing the movement of terrorists.

52 See *Committee Hansard*, 25 October 2002, p. 141 (Attorney-General's Department)

53 See *Committee Hansard*, 25 October 2002, pp. 140, 142 (Attorney-General's Department)

54 See *Committee Hansard*, 25 October 2002, p. 150 (Attorney-General's Department)

Forum responses to political instability. Forum leaders are also focusing attention on corruption in government, protecting borders and Exclusive Economic Zones (EEZs).

7.85 The Committee is aware that international terrorism is inextricably linked with transnational organised crime, trafficking in illicit drugs, money laundering, illegal people movement and illegal arms trafficking. Therefore, the Committee is aware of the need to address issues such as mutual assistance in criminal matters⁵⁵, extradition arrangements and other arrangements relating to illicit drugs.

7.86 An example of the lack of effective legislation to combat transnational organised crime can be seen following the seizure in Fiji in 2000 of 350 kilograms of heroin. The main offender in Fiji received the maximum penalty of eight years imprisonment. In Australia, the maximum penalty would be life imprisonment.⁵⁶

7.87 The Department advised the Committee that Australia has no bilateral mutual assistance in criminal matters treaties with any South Pacific jurisdiction. However, assistance can be conducted under the *Mutual Assistance in Criminal Matters Act 1987* with any country in the absence of a treaty. In addition, the Department advised the Committee that in August 1986, Commonwealth law ministers approved a Scheme Relating to Mutual Assistance in Criminal Matters between Commonwealth countries. The scheme, known as the “Harare Scheme”, is not treaty-based and envisages that all Commonwealth countries will enact complementary legislation enabling the provision by each country of specific types of assistance. However, the scheme does not extend to those countries in the Pacific region that are not members of the Commonwealth.⁵⁷

7.88 Pursuant to the Extradition (Commonwealth Countries) Regulations, Australia can conduct extradition with the following countries: Cook Islands, Kiribati, Nauru, PNG, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Under separate non-treaty regulations, Australia can also conduct extradition with Fiji and the Marshall Islands. The Department advised the Committee that there have been no extradition requests from PNG to Australia in the last 20 years. However, one extradition request from PNG was anticipated involving an alleged fraud and Australia has made one successful extradition request to PNG for four people involved in drug trafficking.⁵⁸

7.89 The Department advised the Committee that, since the commencement of the *Tough on Drugs* strategy, considerably more funding and law enforcement effort has been directed at reducing the supply of illicit drugs entering Australia through a variety of means which go beyond traditional law enforcement. Increased international co-operation, intelligence gathering in key source and transit countries,

55 Mutual assistance in criminal matters concerns the provision of assistance to, and the obtaining of assistance from other countries for the purpose of the investigation and prosecution of crime, and the restraint and confiscation of the proceeds of crime.

56 See *Committee Hansard*, 27 March 2003, p. 361 (Australian Federal Police (AFP))

57 *Submission 34*, p. 7 (Attorney-General’s Department)

58 *Submission 34*, p. 8 (Attorney-General’s Department)

improved border protection through more sophisticated detection expertise and detection equipment, and crop eradication programs in source countries. This has contributed to the drug seizures listed above.⁵⁹

Australian Federal Police

7.90 In evidence to the Committee, the Australian Federal Police (AFP) stated that the fight against transnational criminal organisations in the Pacific environment is hampered by continued instability in the Melanesian states and a low level of law enforcement capacity across the region.⁶⁰

Transnational criminal organisations exploit this environment at local, national and international levels. The perception that the Pacific region is immune from this environment has been dismissed by the recent seizures of large quantities of illicit drugs in recent years in Fiji, Tonga and New Caledonia.⁶¹

7.91 The AFP advised the Committee that, although there is no definitive information available at this time, Pacific island countries could present an attractive target or operational base for terrorism due to many of the same reasons highlighted by ASPI above—porous border controls, inadequate law enforcement capabilities, isolated islands and the presence of “soft Western targets”.⁶²

7.92 The AFP provided a detailed description of the state of affairs for local police forces in the region that highlights the inadequacy of local law enforcement capabilities:

They are under-resourced, their education standards are low, there are inadequate recruitment processes and there are inadequate wages and conditions of service—which tie into the point I think you made earlier about corruption. We say that those things are fundamental and pretty much tied together.

There is a basic lack of infrastructure for the police, and they are inadequately financed. They have highly inadequate financial management practices, inadequate effective leadership and management, inadequate fundamental policing skills and stagnant demographics. Cultural issues also have a significant bearing on the way the respective countries and their law enforcement services operate and interrelate with each other. We have already touched on integrity and corruption. There is donor fatigue, particularly in relation to training. There is a lack of effective legislation to combat transnational crime. There are inadequate communications, and the

59 See *Submission 34*, p. 8 (Attorney-General’s Department)

60 *Committee Hansard*, 27 March 2003, p. 353 (AFP)

61 *Committee Hansard*, 27 March 2003, p. 353 (AFP)

62 *Committee Hansard*, 27 March 2003, pp. 354, 358 (AFP)

geographic remoteness from major centres is also, we would say, an attractive issue for organised transnational crime groups.⁶³

7.93 From its discussions with police officers in the region, the Committee recognises the clear need for police forces to have adequate administrative resources. There is limited value in providing arrest training to police when they do not have the facilities to take statements. This has implications for the style and methods of training offered to local police. Whilst regional meetings and conferences are important in terms of information sharing and relationship building, training is best done in-country rather than in, say, Australia, where the level of resources is well beyond what is available in most of these countries.

7.94 Another factor is the variable remuneration for law enforcement officers in the Pacific. Inadequate remuneration invites the potential for corruption. The AFP suggested that in order to address the fundamental law enforcement issues in the Pacific, it is a matter of going back to basics in terms of recruitment, service, service to the community and ethical training.⁶⁴

7.95 The Australian Federal Police has had a presence in one form or another, in the Pacific for close to two decades.⁶⁵ The initial entry into the Pacific Region was by way of the Defence Cooperation Program funding which enabled the AFP to place an officer in Vanuatu in an Advisory/Training capacity. That role today is a liaison role in keeping with other AFP officers posted overseas.

7.96 In 1994, the AFP, as a result of increasing transnational crime indicators such as drugs and guns, opened a liaison office in Port Moresby, PNG. In August 2001, a successful cabinet submission to address the increasingly apparent transnational crime issues in the region saw the placement over a six month period, of two additional officers in Honiara in the Solomon Islands, an additional officer in Port Moresby, PNG and Port Vila, Vanuatu and the opening of a new post with two officers in Suva, Fiji Islands.⁶⁶

7.97 The AFP's Law Enforcement Cooperation Program (LECP) in the Pacific Region has also been supported by approximately \$2.4 million in funding support over 2.5 years. The aim of the LECP is to improve the levels of cooperation and capacity of overseas law enforcement agencies and to provide the assistance necessary for the AFP to develop law enforcement intelligence leading to the identification of

63 *Committee Hansard*, 27 March 2003, p. 357 (AFP). See also, *Submission 49*, p. 13 (Department of Defence)

64 *Committee Hansard*, 27 March 2003, p. 358 (AFP)

65 *Submission 29*, pp. 1–3 (AFP) See also, *Submission 58*, p. 3 (Queensland Government). The Queensland Government advised the Committee that the Queensland Police Service also conducts joint training and border patrols with the Australian Customs Service, Australian Federal Police, Royal Papua New Guinean Constabulary and Papua New Guinea Customs.

66 Fiji is responsible for all PIC's east of Fiji and the AFP Regional Coordinator Pacific Islands retains responsibility for Micronesia and the French Territories.

transnational organised crime groups that impact on our regional interests.⁶⁷ The AFP advised the Committee that many LECP interventions are under way or have been completed in the field of intelligence, investigations, forensic, border control, officer exchange and attendance at various conferences, seminars and workshops with considerable advances being made for Pacific policing and other law enforcement agencies.

7.98 The AFP works in close consultation with DFAT, Defence and AusAID on issues relating to policing in the Pacific Region. The AFP now provide advice to the Australian Government, the Australian Intelligence community and Australian overseas missions on a regular basis on policing and politics in Pacific island countries and more recently on AusAID Police Institutional Strengthening Projects in PNG, Solomon Islands and future projects in Vanuatu and Fiji.

7.99 The AFP also works in close consultation with the Pacific Island Forum through a coordination officer on matters of mutual interest and the Committee is pleased to advise that in relation to training, the most recent initiative is the placement of a Training Enforcement Liaison Officer in Suva, Fiji Islands to coordinate all Pacific Law Enforcement Training. The AFP spends approximately 40 per cent of its funding in training.

7.100 Clearly there are moves for a more regional approach to this issue. The AFP advised the Committee that transnational crime teams have been established in Samoa and Fiji with plans to establish additional teams in Tonga, PNG and Vanuatu. Following the Pacific transnational crime workshop in Tonga in November 2002, a centrally located Pacific regional transnational crime team has been established with a major regional law enforcement intelligence role and function.⁶⁸

7.101 The AFP is a regular attendee and contributor to the following international forums:

- The South Pacific Chiefs of Police Conference (SPCPC)
- The Australasian and South West Pacific Commissioners Conference (ASWPCC)
- The (Pacific) Forum Regional Security Committee (FRSC)
- The Oceania Customs Organisation (OCO)
- The Pacific Immigration Directors Conference (PIDC)
- The New Zealand Combined Law Agency Group Conference (CLAG)
- The following are examples of the conferences attended.

67 *Committee Hansard*, 27 March 2003, p. 353 (AFP)

68 *Committee Hansard*, 27 March 2003, p. 354 (AFP)

- South Pacific Chiefs of Police Conference (SPCPC)⁶⁹

7.102 Through coordination and cooperation, the AFP has had a number of successes in relation to drug seizures in the region, including:

- the seizure of 350 kilograms of heroin in a multinational operation culminating in Fiji during October 2000. This stockpile of heroin was being used to supply the Australian market and the North American and Canadian markets;
- the seizure of 90-kilogram of cocaine in 2001 which transited the Pacific by way of a small pleasure craft from South America through New Caledonia; and
- the seizure of 100 kilograms of cocaine by Tongan law enforcement in 2001.

Australian Customs Service

7.103 The Australian Customs Service (ACS) also contributes to development assistance in PNG and the Pacific. The ACS is primarily concerned with revenue collection through customs and excise, trade facilitation through automation of systems and efficient trade processes and procedures and border protection and enforcement through information sharing and operational cooperation with regional states.⁷⁰

7.104 At the international level, ACS coordinates with the World Customs Organisation (WCO) as the principal forum for the development and administration of cooperation on customs issues. Regionally, the Oceania Customs Administration (OCO) focuses on a similar range of issues. ACS also coordinates with other donors including AusAID, the Pacific Financial Technical Assistance Centre and the Forum Secretariat.

7.105 ACS advised the Committee that its technical assistance program aims to assist developing countries improve their customs methods and procedures both to facilitate trade and to strengthen the customs governance in the region. Its focus is on strategic capacity building projects in preference to one-off projects.⁷¹ ACS acknowledged the wide range of donors and recipients in the region and therefore aims to coordinate projects so as to avoid duplication and improve efficiency in the

69 SPCPC is the South Pacific Chiefs of Police Conference and consists of Police Commissioners from all Pacific Island countries from Saipan and Guam to French Polynesia and Australia and New Zealand. The SPCPC meets once a year in various member countries around the Pacific and is supported by a mid term SPCPC working group which addresses all resolutions arising from the conference. This conference is the voice of policing in the Pacific. The AFP is very active within the SPCPC, both financially (providing travel funds) and representative wise, and together with two invited state police force representatives, attend each year. Representatives of the SPCPC attend other Pacific Island forums such as the Forum Regional Security Committee (FRSC) and the Oceania Customs Organisation (OCO). The AFP also detailed the principal role and functions of the Australian Federal Police Overseas Network. See *Submission 29*, p. 3 (AFP)

70 *Submission 13*, p. 1 (Australian Customs Service)

71 *Submission 13*, p. 1 (Australian Customs Service)

delivery of projects.⁷² Through its technical assistance programs, ACS supports broader institutional strengthening and reform programs of other key donors.

Australian Transaction Reports and Analysis Centre (Austrac)

7.106 The Australian Transaction Reports and Analysis Centre (Austrac) is Australia's anti-money laundering regulator and specialist financial intelligence unit. Austrac advised the Committee that it considers PNG and the Pacific island countries a priority area in its international work, with a particular emphasis on providing support for developing anti money laundering and counter financing of terrorism programs in the Pacific island jurisdictions.⁷³

7.107 Austrac is an active participant in international initiatives, including participation in the Financial Action Task Force and the Asia–Pacific Group. Through these forums, Austrac works alongside representatives from the Cook Islands, Fiji, Marshall Islands, Federated States of Micronesia, Nauru, Niue, Palau, Samoa, Tonga and Vanuatu.

7.108 During the past decade, a number of countries have created specialised government agencies as part of their systems of dealing with the problem of money laundering. These are commonly known as Financial Intelligence Units (FIUs). Under the *Suppression of the Financing of Terrorism Act 2002*, the Director of Austrac can enter into Memoranda of Understanding (MOUs) with overseas FIUs to facilitate the exchange of financial intelligence. Austrac currently has thirteen MOUs with international counterparts but only one of those is with a Pacific island country—Vanuatu. However, Austrac advised the Committee that MOUs are being progressed with the FIUs in the Cook Islands and the Marshall Islands.⁷⁴

7.109 Austrac advised the Committee that many countries in the Pacific are now in the process of implementing anti money laundering and counter terrorism programs but FIUs are an essential element of that framework. The Committee notes that as part of a \$10 million, four year initiative, Austrac has been engaged by AusAID to support the Government of Indonesia in the development of an effective FIU.

7.110 Clearly this is one area where more resources could be applied, particularly as Nauru and the Cook Islands remain on the Financial Action Task Force's 'Non-Cooperative Country or Territory' list. Austrac advised the Committee that its expertise would be of benefit to PNG and the Pacific island countries in the development of their programs and assistance would likely result in enhanced information sharing and intelligence exchange between the FIUs and strengthening of the region's anti money laundering and counter terrorist financing capacity.⁷⁵

72 *Submission 13*, pp. 1–2 (Australian Customs Service)

73 *Submission 69*, p. 1 (Austrac)

74 *Submission 69*, pp. 2–3 (Austrac)

75 *Submission 69*, p. 4 (Austrac)

Recommendation 32

The Committee recommends that the Australian Government provide dedicated additional funds to Austrac to enable the agency to strengthen its support for Pacific Island efforts to address money laundering and terrorist financing. Particular efforts should be applied to Nauru and the Cook Islands.

Department of Immigration and Multicultural and Indigenous Affairs

7.111 DIMIA has a number of bilateral and multilateral relationships with the region. In relation to PNG, DIMIA advised the Committee that this is one of the key countries to the north of Australia that are transit points for illegal migrants seeking to enter Australia. Whilst the numbers are small PNG, remains a concern for Australia because its immigration processing and border management capacity is not well-developed.⁷⁶

7.112 As a consequence, multi-agency delegation to Port Moresby in May 2001 discussed areas of possible assistance to enhance PNG's immigration and border management system, and especially to improve its capacity to combat irregular migration and people smuggling. Following a meeting between Minister Ruddock and Minister Pundari, the then Foreign Minister of Papua New Guinea, in July 2001, a series of measures were agreed, including:

- the proposed conclusion of an MOU facilitating cooperation between Australia and Papua New Guinea on refugee, irregular migration and people smuggling issues; and
- the provision of assistance to Papua New Guinea, through a suitably qualified and experienced consultant, to review its legislation on immigration, citizenship and passports.

7.113 DIMIA advised the Committee that the draft MOU is still being considered by the PNG Government. It was expected that the outputs delivered by the consultant in relation to legislation would include:

- amended draft legislation with changes consistent with the current and long-term needs of Papua New Guinea to address immigration, passports and citizenship issues, including irregular migration and people smuggling; and
- a report containing a detailed analysis of the implications of the proposed changes, particularly for the capacity of Papua New Guinea to address irregular migration and border management issues effectively, and to participate in bilateral and multilateral initiatives on such issues internationally and in the region.

76 *Submission 44*, pp. 36–37 (Department of Immigration and Multicultural and Indigenous Affairs (DIMIA))

7.114 DIMIA also provides training, equipment and information sharing in relation to border management capacity.

7.115 In relation to Fiji, DIMIA advised the Committee that following the Regional Ministerial Conference in Bali in February 2002, Fiji expressed its intention to put in place effective legislative measures against people smuggling. DIMIA agreed to offer assistance through the provision of legal expertise.⁷⁷

7.116 DIMIA, in conjunction with the AFP, has been providing capacity building assistance to Fiji and other members of the Pacific Islands Forum. Following a visit by a senior immigration official from Fiji to Australia in May 2002, agreement was negotiated for the conclusion of an MOU to establish a framework to facilitate future cooperation on immigration and border control issues between the two countries.

7.117 The Committee notes that multilateral cooperation with the Pacific island countries is through the Asia–Pacific Consultations (APC) on Refugees, Displaced Persons and Migrants, the Regional Ministerial Conference on People Smuggling, Trafficking in Persons and Related Transnational Crime and the Pacific Immigration Director’s Conference (PIDC). PIDC is the annual meeting of heads of immigration services of Pacific Island countries and PNG, New Zealand and Australia. The purpose of the PIDC is to encourage consultation, cooperation, communication and liaison among immigration agencies in the region.

7.118 Following the PIDC meeting in 2001, Australia negotiated the following outcomes:

- the formation and tasking of a Working Group to undertake and progress the work of the PIDC out of session;
- provision of dedicated Secretariat support the PIDC for 12 months⁷⁸; and
- commitment to develop a series of customised workshops to address member states’ training needs.

7.119 DIMIA, in conjunction with the AFP has conducted training courses focused on improved border control management by immigration, customs and law enforcement agencies and cooperation in identifying and combating threats such as people smuggling, illegal immigration and other transnational crime, to the Pacific region.

7.120 The Committee notes that the 2001 Conference membership recognised there are many immigration–related law enforcement and border control risks to the Pacific Island region and a pressing need for training and technical assistance at the operational level.

77 *Submission 44*, pp. 38–39 (DIMIA)

78 Joint funding and support for the Secretariat officer is being provided by DIMIA and the New Zealand Immigration Service (NZIS)

AusAID

7.121 The Committee is particularly aware of the nexus between security and development. The Committee also acknowledges that aid can make a significant contribution to conflict resolution. AusAID advised the Committee that Australia's experiences over a number of years in Bougainville and Solomon Islands illustrate the importance of the aid program in a coordinated regional security strategy:

A key driving factor for our development investments in the Pacific is the need to promote stability and improve the capacity of governments to uphold the rule of law, which in turn allows them to address their ethnic and social tensions. Stability, enforced through effective police, legal and judicial systems, has critical links with the capacity of countries to achieve broad economic growth and to attract foreign investment. We have expanded significantly our coverage of assistance to law and justice to include all Melanesian countries—PNG, Vanuatu, Solomon Islands and Fiji. We are also working with Samoa, Tonga and Nauru.⁷⁹

7.122 AusAID also advised the Committee that the government's aid program addresses conflict prevention, conflict management and reduction, and support for post-conflict recovery. Programs in these areas are being implemented in Solomon Islands, Fiji and Bougainville. In Vanuatu, AusAID is also conducting conflict vulnerability analysis for integration into that country's aid program.

7.123 However, it was suggested to the Committee that efforts could be made to better direct development assistance in relation to conflict. The Committee was advised of the need to improve Australia's capacity to predict and forecast problems before they escalate; the need to develop strategies for working in conflict situations which are responsive to their changing dynamics; and the need to move away from exclusively state-centred approaches to assistance by working through existing and revitalised civil society networks.⁸⁰

7.124 In addition, the Committee was advised of the need to appreciate that the crises in the Melanesian countries are deep-seated and are unlikely to be resolved quickly and that Australia should learn from those cases of successful peacemaking in the region such as Bougainville with a need to incorporate appropriate aspects of local culture and tradition in order to ensure their long-term sustainability.⁸¹

7.125 There was also wide support for the need to increase the involvement of local civil society. Of note is the role of women's groups whose initiatives have challenged the "boys with guns" culture. The Committee was told that Pacific women's groups

79 *Committee Hansard*, 28 March 2003, p. 398 (AusAID)

80 *Submission 39*, p. 3 (Dr Sinclair Dinnen)

81 *Submission 39*, pp. 3–4 (Dr Sinclair Dinnen)

have expressed concern that “peace” negotiations centre on the armed State and armed militias, without acknowledging the voices and concerns of wider civil society.⁸²

Regional and externally–sponsored initiatives

Pacific Islands Leaders Summit (PALM 2003)

7.126 The Japanese–sponsored Pacific Islands Leaders Summit (PALM)⁸³ held its third annual meeting in Okinawa in May 2003. The summit culminated in the signing of the ‘Joint Action Plan’ or ‘Okinawa Initiative’ committing Japan to deeper engagement with the Pacific in the areas of:

- security (including internal security and stability);
- the environment;
- education and health; and
- trade and investment.

7.127 The major elements of the Joint Action Plan concerned:

- a) Agreement on behalf of Pacific Island governments to place particular emphasis on “weakness in good governance, socio–economic disparity; land tenure issues; and ethnic differences”.
- b) Pacific Island government commitment to supporting initiatives focussing on combating government corruption.
- c) Agreement of the Japanese Government to help reduce regional tensions and combat terrorism by assisting in the collection of small arms, and participating in “peace consolidation activities” including the rebuilding of infrastructure, and vocational training for ex–combatants and involuntarily displaced people.
- d) Agreement by Japan to support law enforcement programs conducted by the Pacific Islands Forum Secretariat and seminars on money–laundering and tax–collection regimes.
- e) On human security, Japan agreed to “consider its support” for programs to close the digital divide in rural Pacific Island

82 One suggestion to the Committee was that Australia should make a public gesture of seeking reconciliation with those who have been adversely affected by its previous mistakes, similar to the apology made to Samoa by New Zealand’s Prime Minister Helen Clark. See *Submission 66*, p. 13 (Dr Jo Herlihy). See also, *Submission 30*, p. 13 (Mr Nicholas Maclellan)

83 All Pacific Island states attended PALM 2003 with the exception of Nauru and the Federated States of Micronesia. PALM summits are held every three years.

communities, including providing affordable communications opportunities.⁸⁴

7.128 The Summit's communiqué stated:

...The [summit] was held against the backdrop of a global and regional environment that was political uncertain and economically stagnant. Many of the Pacific Island countries have suffered from (a) gradual decline in gross national income, and their aid receipt has been either unchanged or (in) decline. Moreover, they are facing a particularly difficult task of overcoming their physical disadvantages of smallness, isolation and vulnerability, while striving to maximise the benefits of globalization.⁸⁵

Small Arms Survey 2003

7.129 In April 2003 the *Small Arms in the Pacific Report*⁸⁶ was released. The report documents the proliferation of arms trading in the Pacific:

...The 20-nation study reveals new information about the scale and origins of small arms proliferation in the Pacific. It provides the first comparison of the number of firearms in each Pacific country, both legal and illegal, state-owned and civilian. Imports and exports of small arms are tracked from one nation to another, documenting both sellers and buyers. Small arms used in crime, conflict and coups are traced to their source, revealing a single prominent pattern of origin. The study includes an exhaustive comparison of each country's gun laws and their loopholes, plus up-to-date analyses of gun-running in the Pacific, discussion of regional initiatives and evaluation of current disarmament processes. Detailed case histories document the impact of small arm-related violence on the region's worst-affected communities...⁸⁷

7.130 The Report also confirmed the inability of some Pacific island countries to manage police and military practices in the securing of weapons:

In Fiji, the Solomon Islands, and Papua New Guinea, groups bent on rebellion, intimidation and profit have treated state-owned armouries as gun supermarkets, taking weapons when needed. Much work has been done, and

84 "PALM Summit: Pacific Leaders commit to Joint Action Plan with Japan", 17 May 2003.

85 PALM 2003 Communiqué, Okinawa, Japan.

86 Philip Alpers & Conor Twyford, *Small Arms in the Pacific*, Results of a Study Commissioned by the Small Arms Survey, the Centre for Humanitarian Dialogue and the Australian and New Zealand Governments, April, 2003.

87 *Small Arms in the Pacific Report*, launch by Secretary-General, Mr Noel Levi, Pacific Islands Forum, Suva, April, 2003.

much more is needed to improve the security and management practices of police and military armouries in many Pacific island states.⁸⁸

7.131 One of the Report's authors, Peter Batchelor, stated that, even after conflict ends, "the availability and misuse of these weapons makes it difficult not only to restore law and order and to achieve sustainability but also undermines the goals of post conflict reconstruction".⁸⁹ Batchelor suggests that policy should be more focused, concentrating on "community security, that is, creating the conditions of law and order and access to justice that reduce feelings of insecurity and, therefore, demand for weapons".⁹⁰

7.132 Importantly, the Report also discussed the lack of adequate legislation covering small arms in the Pacific. Where there are existing laws, many states are incapable of enforcing them. Therefore, there is a need for capacity building as much as legislative change:

The many inconsistencies among laws covering small arms in the Pacific leave the region vulnerable to gun-running. Loopholes and permissive attitudes to small arms encourage illicit traffickers to mark countries as soft entry points, thus gaining access to the whole region. In the Pacific, wide variations in gun owner licensing, firearm marking and registration, and import/export laws—and in the penalties for breaching those laws—create holes in the Pacific's regional net for traffickers to exploit.⁹¹

Implications for Australia of security developments in the region

7.133 The Committee agrees that the strategic challenges of the Pacific lie in the isolation of the countries, the large ocean mass and Pacific island countries' lack of 'visibility' of their air and sea space. It is likely that Pacific island countries, particularly in Melanesia, will continue to suffer political, ethnic and social tension intensified by continuing economic decline and poor governance. Moreover, the fragility of the region because of its disposition to natural disasters, suggests that requests to the Australian Defence Force for humanitarian assistance can also be expected. All of these realities have serious implications for Australia.

88 Philip Alpers & Conor Twyford, *Small Arms in the Pacific*, Results of a Study Commissioned by the Small Arms Survey, the Centre for Humanitarian Dialogue and the Australian and New Zealand Governments, April, 2003, p. xvi.

89 Jim Wurst, "Experts Say Firearm Violence Continues to Hinder Development", U.N. Wire, 10 July 2003.

90 Jim Wurst, "Experts Say Firearm Violence Continues to Hinder Development", U.N. Wire, 10 July 2003.

91 Philip Alpers & Conor Twyford, *Small Arms in the Pacific*, Results of a Study Commissioned by the Small Arms Survey, the Centre for Humanitarian Dialogue and the Australian and New Zealand Governments, April, 2003, p. xvii.

7.134 The key to dealing with threats in the region is the recognition of the mutual benefit to be realised through the development of adequate shared intelligence.⁹² It is abundantly clear that domestic responses to security issues require a two-pronged approach—legislative change and the enhancement of local capacity to enforce that legislation. This will require a further substantial upgrade by Australia of existing assistance for the provision of administrative resources and in-country training. This will necessarily include expertise to assist with the drafting and implementation of legislation.

7.135 Another issue demanding Australia's future attention will be the monitoring and control of borders, in particular, the border between Papua New Guinea and Indonesian West Papua, and the border between Bougainville and Solomon Islands Western Province.

7.136 The Committee is strongly of the view that in order to adequately develop security policies relating to the region, more systematic monitoring and collection of data is essential. To this end, Australia should apply resources to effective surveillance and intelligence gathering. Such a package could include greater cooperation in maritime and airspace patrolling and satellite surveillance and the establishment of a modernised network of designated coast-watchers. This would greatly enhance Pacific island countries' ability's to police and control their exclusive economic zones.

7.137 Whilst the Committee is not advocating a standing regional police or security force,⁹³ the Committee is encouraged by regional coordination and cooperation in relation to the Solomon Islands and regards this experience as a significant practical demonstration of an effective regional response to a crisis in the region.

92 See *Submission 66*, p. 22 (Dr Jo Herlihy)

93 See *Submission 66*, pp. 25–26 (Dr Jo Herlihy). Dr Herlihy recommended the establishment of a 'crisis response group'. Dr Herlihy suggested that Australia could establish such a group with or without the assistance of other countries in the region and explained that "At its most basic level, it might involve no more than the cost of training nominated personnel from the military and police establishments to work together, to familiarize themselves with Pacific environments, and to move in quickly to handle threats to regional stability. At a more comprehensive level, it might include personnel from other agencies with expertise in responding to health crises, natural disasters such as cyclones, earthquakes and tidal waves, or major accidents. In view of the enormous costs to Australia of trying to patch up the on-going problems consequent on possible terrorist activity, a breakdown in law and order such as a coup or, in the example of Bougainville, an armed and violent secession movement, expenditure on preventative measures would almost certainly be a far more cost-effective move."

