

Mercenary scandal continues to plague Papua New Guinea government

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The political fallout over last year's Sandline mercenary affair continues to reverberate through Papua New Guinea.

In the middle of last month, an international tribunal ordered the PNG government to pay out more than \$US22 million to Sandline International in line with Sandline's contract last year to provide mercenaries to lead a military assault on the island of Bougainville, where the separatist Bougainville Revolutionary Army (BRA) has resisted troops since 1989.

The Sandline contract valued at \$36 million, included the provision of helicopter gunships, rockets, ammunition and 70 personnel including mercenary troops, mostly recruited in Africa. The PNG government led by the then prime minister Julius Chan, paid a first installment of \$18 million before the secret plan became public, provoking an army revolt and widespread opposition. Chan was forced to resign and the mercenaries were deported in March 1997.

Despite the collapse of the operation, Sandline demanded full payment, which the PNG government refused to pay.

Under the terms of the contract, an international three person arbitration tribunal was set up to resolve the dispute on the basis of English law. Sandline nominated retired English judge Sir Michael Kerr and PNG nominated former Australian judge Sir Daryl Dawson. Sir Edward Somers from New Zealand acted as chairman.

The tribunal met in Cairns and London in June and July. Shortly before the hearings, PNG Prime Minister Bill Skate sacked the legal team and completely altered the line of argument. The original defence was that the contract was voided because the army revolt had made military operations on Bougainville impossible. The new legal team argued that the contract was illegal

under PNG law. The effect of Skate's political intervention was to shift the blame from the army onto Chan.

The international tribunal ruled that 'the agreement was not illegal or unlawful under international law or under any established principle of public policy...' and ordered PNG to pay the remaining \$18 million as well as 8 percent interest since March last year and all legal costs. Sandline will no doubt welcome the findings in more ways than one. As well as providing a huge payout, the decision legitimises Sandline's operations and those of other mercenary outfits elsewhere in the world.

The tribunal ruling will undoubtedly heighten political tensions within PNG and compound the problems facing the Skate government. Skate, a former governor of the capital Port Moresby, came to power in the wake of the Sandline scandal and national elections in which Chan and 53 other sitting MPs lost their seats. But ruling coalition has been plagued from the outset by instability, corruption scandals and splits.

Now Skate faces the prospect that Chan may win a legal challenge against the election result and return to parliament by winning a by-election. Faced with the possibility of a strengthened opposition and the likelihood of a no-confidence motion, Skate has moved to shore up his political position. On October 14, he announced an end to his parliamentary coalition with the People's Progress Party and the dismissal of his deputy and five other PPP ministers. Chan previously headed the PPP.

On the same day, Skate re-appointed Brigadier-General Jerry Singirok as commander of the PNG Defence Force. Singirok was sacked by Chan after leading the army rebellion over the Sandline contract and was found to have received over \$50,000 as a pay-

off from the British-based military supply company J & S Franklin. Skate is no doubt seeking to trade on the kudos gained by Singirok for opposing the Sandline deal and accusing the then Chan government of corruption.

Of course, Singirok had no principled opposition either to corruption or to hiring mercenaries. In fact, he was privy to the contract with Sandline International from the outset. But Chan's plans to deploy Sandline mercenaries cut across a different agenda being pushed by sections of the PNG ruling class, backed by the Australian government, to negotiate an arrangement with the BRA to halt the war. Australian business wants to see the reopening of the giant Rio Tinto-owned Panguna copper mine on Bougainville, closed for nearly 10 years. Aided by supportive publicity in the Australian media, Singirok became a key figure in moves to sabotage the Sandline deal.

In April this year, an official ceasefire went into effect on Bougainville under an agreement sponsored by New Zealand and Australia. The pact provides for an Australian-led military force to monitor its implementation. Australian companies have substantial mining, financial and other interests in PNG, which was an Australian colony until formal independence in 1975.

In re-appointing Singirok, Skate praised his role in the Sandline crisis and dismissed concerns over bribe-taking. 'You are talking about a lousy 70,000 kina when a lot of politicians are making more than 70,000 kina,' Skate said. But his calculations appear to have backfired as Singirok's reinstatement has triggered opposition both from the military and the police.

In a letter to the *National* newspaper, a soldier described the decision as 'a great disaster'. Last week a fire, which appears to have been deliberately lit, destroyed an army headquarters building at the Taurama Barracks in Port Moresby. Singirok has used the fire as a pretext for a purge--several officers and two military lawyers have been disciplined. During his swearing in ceremony, Singirok called for a reform of the PNG Defence Forces and proposed to assist the police in law-and-order operations.

Last Friday the police responded by reactivating charges of sedition against Singirok for his role in last year's army revolt. In making the announcement, Chief Superintendent John Wakon added that Skate would

also be investigated. Skate has since threatened to sack Wakon.

Such public brawling between factions of the ruling elite points to a deepening political crisis.

See Also:

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