
Bougainville: Large-scale Mining and Risks of Conflict Recurrence

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Research on conflict resolution suggests that the significant risk of conflict recurrence in intra-state conflicts is much reduced by political settlements that 'resolve the issues at stake' between parties to the conflict, and that in conflicts involving grievances about distribution of natural resource revenues, such settlements should include natural resource wealth-sharing arrangements. This article shows that the Bougainville conflict origins involved far more complexity than natural resource revenue distribution grievances, and that the conflict itself then generated new sources of division and conflict, the same being true of both the peace process and the process to implement the Bougainville Peace Agreement (BPA). As a result, the BPA addresses many more issues than natural resource-related grievances. Such considerations make it difficult to attribute lack of conflict recurrence to particular factors in the BPA. While the BPA provisions on wealth-sharing address relations between the Papua New Guinea National Government and Bougainville, moves by the Autonomous Bougainville Government to explore possible resumption of large-scale mining has generated a new political economy in Bougainville, contributing to new tensions amongst Bougainvilleans.

Most academic observers agree that the Bougainville conflict, 1988-97, would not have occurred but for the impacts of the huge Panguna copper and gold mine, operated in central Bougainville, 1972 to 1989, by Rio Tinto's majority owned subsidiary, Bougainville Copper Ltd (BCL). Undoubtedly the dissatisfaction felt by many Bougainvilleans about the share of revenue received by not only customary landowners of mine lease areas, but also the wider population of Bougainville, was a significant factor in the origins of the conflict. That view is reflected in the focus in observer accounts on the roles of Panguna mine lease landowners in the conflict origins, both those published soon after the conflict began,¹ and more recently published accounts.²

¹ For example, Colin Filer, 'The Bougainville Rebellion, the Mining Industry and the Process of Social Disintegration in Papua New Guinea', in Ron J. May and Matthew Spriggs (eds), *The Bougainville Crisis* (Bathurst: Crawford House Press, 1990), p. 73.

² For example, Kristian Lasslett, 'State Crime by Proxy: Australia and the Bougainville Conflict', *British Journal of Criminology*, vol. 52 (2012), p. 708, and 'Beyond State-fetishism: Developing a Theoretical Programme for State Crime Studies', *Revisita Critica Penal y Poder*, no. 5 (2013), p. 125; Stan Starygin, 'The Gangs of Bougainville: Seven Men, Guns and a Copper Mine', *Journal of Conflict Transformation & Security*, vol. 3, no. 1 (2013), p. 56; and Volker Boege, *Bougainville Report. Project: Addressing Legitimacy Issues in Fragile Post-conflict Situations to*

In fact there were other groups involved, in various ways, in the origins of the conflict. They included: young Bougainvillean workers employed by BCL; marginalised youth, particularly members of criminal (*raskol*) gangs, and unemployed young men with little or no formal education, from all parts of Bougainville; leaders of 'pressure groups' from areas facing intense land pressures and high levels of economic inequality, especially the Siwai and Bana areas, south-west of Panguna; leaders of indigenous political/religious movements; and elements of the main Christian churches in Bougainville. Further, while natural resource distribution issues were important, other significant causal factors were involved.³

The conflict has more complex origins than has generally been understood and this helps to explain the apparent ease with which those that initiated the conflict were able to mobilise support across Bougainville. It also helps to explain the multi-faceted character of the subsequent conflict, the peace process from 1997 till the signing of the Bougainville Peace Agreement (BPA) in 2001, and the implementation of the BPA, 2001 to present. Once the conflict was under way, it generated its own dynamics, contributing to different sources of tension, division and conflict, and the same has been true of the peace process and the implementation of the BPA.

The conflict's complexity and intensity makes its lack of recurrence in the seventeen years since 1997 particularly notable, especially in light of research on the high risk of recurrence of intrastate conflict occurring since World War Two, 60 per cent recurring within five years of cessation of conflict.⁴ Recurrence is almost twice as fast (less than three years) for a particular category of conflicts involving natural resources—those involving natural resource distribution issues (unfair access to or control of resources, or unfair distribution of benefits). Together, all categories of natural resource conflicts account for over 40 per cent of all intra-state conflict since World War Two,⁵ but it is only the 36 per cent of those that involve resource

Advance Conflict Transformation and Peacebuilding (Brisbane: Queensland University, 2013), <http://www.berghof-foundation.org/images/uploads/grantee_09010_Bougainville_report.pdf> [Accessed 28 August 2014], p. 10.

³ Anthony J. Regan, 'Bougainville: "Dodging the Bullet" of Conflict Recurrence?', unpublished paper, 2014.

⁴ Human Security Report Project, *Human Security Report 2012: Sexual Violence, Education and War: Beyond the Mainstream Narrative* (Vancouver: Human Security Press, 2012), p. 171.

⁵ United Nations Environment Programme, 'From Conflict to Peacebuilding: The Role of Natural Resources and the Environment', *United Nations Environment Programme 2009*, <http://postconflict.unep.ch/publications/pcdmb_policy_01.pdf> [Accessed 30 August 2014], p. 8; Siri Aas Rustad and Helga Malmin Binningsbo, 'A Price Worth Fighting For? Natural Resources and Conflict Recurrence', *Journal of Peace Research*, vol. 49, no. 4 (2012), p. 7.

distribution issues where the risk of much faster recurrence occurs.⁶ As for factors ameliorating recurrence risks, research highlights the roles of political settlements that ‘resolve the issues at stake’ between the parties to the conflict, and are guaranteed by the international community.⁷ Some suggest that settlements resolving ‘issues at stake’ in natural resource distribution conflict should include natural resource wealth sharing arrangements.⁸

Even though they do not use the expression ‘natural resource distribution’, most commentators agree that factors consistent with the definition of that expression were involved in the Bougainville conflict, though many, but far from all, acknowledge it as one amongst other causes. By the time the BPA was negotiated, the complexity of the conflict ensured that it was necessary to deal with many more issues than natural resource distribution. In light of the literature just summarised, can we say whether by resolving ‘the issues at stake’ the BPA has played a significant role in reducing the risk of conflict recurrence in Bougainville?

The high profile during the BPA negotiations of Bougainville secession issues and their possible resolution by a deferred referendum may help to explain why what the BPA says about mining revenue distribution has received little attention. But given recognition of the importance of such issues in the conflict origins, it might be expected that the growing controversy since 2005 over the possibility of large-scale mining resuming in Bougainville would see more attention being given to such issues. Contrary to views expressed by one international authority on conflict resolution, the BPA did deal with future control of mining in Bougainville,⁹ though it also deferred a decision on a key revenue distribution issue.¹⁰

If Bougainville can indeed be categorised as a natural resource distribution conflict, or if distribution was an important factor amongst others, then the literature on risks of conflict recurrence just summarised highlights several

⁶ Rustad and Binningsbo, ‘A Price Worth Fighting For?’.

⁷ Human Security Report Project, *Human Security Report 2012*, pp. 178, 184-5.

⁸ Helga Malmin Binningsbo and Siri Aas Rustad, ‘Sharing the Wealth: A Path to Peace or a Trail to Nowhere?’, *Conflict Management and Peace Science*, vol. 29 (2012), pp. 547-66.

⁹ Zartman claims—incorrectly—that the key “to the last lock” on the Bougainville Peace Agreement (BPA) was “to put off a resolution ... of the Panguna mine at Arawa”. I. William Zartman, ‘Mediation and Conflict Resolution’, in Jacob Bercovitch, Victor Kremenyuk, and I. William Zartman (eds), *The Sage Handbook of Conflict Resolution* (Thousand Oaks, CA: Sage Publications Ltd, 2009), <http://knowledge.sagepub.com/view/hdbk_conflictresolution/n17.xml?f_0=SEARCHWITHIN&q_0=Bougainville> [Accessed 1 September 2014], p. 330.

¹⁰ Anthony J. Regan. ‘Bougainville: Conflict Deferred?’, in Edward Aspinall, Robin Jeffery and Anthony J. Regan (eds), *Diminishing Conflicts in Asia and the Pacific: Why Some Subside and Others Don’t* (Oxford: Routledge, 2013), pp. 117-33.

issues of possible significance. They include whether mineral wealth sharing arrangements have played a role in reducing the risk of conflict recurrence. So in this article I examine the effectiveness of natural resource wealth sharing arrangements in the BPA, by outlining how 'issues at stake' were identified in the process of negotiating the BPA, and how resource distribution issues, in particular, were dealt with. I then raise issues about the possibility that conflict recurrence risks may be rising, mainly as a result of the changing political economy of post-BPA Bougainville, generated in large part by debate on possible resumption of large-scale mining. Before discussing those issues, it is helpful first to outline aspects of the dynamics generated by the conflict.

Aspects of the Dynamics of the Conflict, 1988 to 1998

While natural resource distribution issues were central amongst the multiplicity of issues and factors contributing to the origins of Bougainville conflict, from the outset they were mixed with others little discussed in most analyses. They included: mine-workers' perceptions of BCL's unfairness as an employer; broad-based Bougainvillean resentment of outsiders generally, and of their domination of the economy in particular; localised economic inequality; and concerns of marginalised youth in many parts of Bougainville. Resentment of inequality was a cross-cutting theme, and one closely linked to rejection by emerging younger generation leaders of then existing leadership. It was a significant factor influencing the actions of the mine lease landowners, the marginalised youth, and the Siwai and Bana pressure groups, and was a contributing factor to the actions of the young Bougainvillean mine-workers.

Further, the generally young generation males (aged in their late teens and twenties) in the emerging BRA derived considerable legitimacy by the BRA being able not only to link itself to the generally older generation leaders of the indigenous political/religious movements, who tended to appeal heavily to tradition and custom, but also the main Christian churches. Claiming legitimacy from a combination of custom and Christianity was a powerful mobilising influence in Bougainville.

With multiple factors motivating a wide variety of loosely linked Bougainvillean actors, and some of those factors involving highly localised issues, it is hardly surprising that multiple agendas were pursued, especially after withdrawal of Papua New Guinea (PNG) forces from Bougainville after the March 1990 ceasefire. It is also not surprising that a degree of 'levelling'—of the wealthy, the educated and the powerful—was pursued by some BRA elements. Even officers of the North Solomons Provincial Government were targeted in the weeks after March 1990.

After departure of the PNG forces, the main focus that had held the loosely structured BRA elements together was gone. There was little discipline

amongst many localised BRA elements, particularly (but not only) amongst those with a history of *raskol* gang involvement, as is made clear by descriptions from Sam Kauona¹¹ and James Tanis (former BRA commander, and late—2009-10—President of Bougainville).¹² One of the tragedies of the appalling violence unleashed against Bougainvilleans by the PNG security forces from December 1988 was that it gave licence to some of their Bougainvillean opponents to match their violence. Much of that was unleashed on non-Bougainvilleans, as well as on some elite, educated or powerful Bougainvilleans. Violence, and fear of violence, against non-Bougainvilleans saw most depart Bougainville during the second half of 1989 and the first half of 1990. There was effectively a form of ethnic cleansing of non-Bougainvilleans, who were targeted not just because of ethnicity, but also because of their roles in the economy. The Chinese community, for example, was resented because of their control of much of the urban retail sector, and as a result their departure was—and still is—widely welcomed by Bougainvilleans.¹³ Many educated or elite Bougainvilleans also departed, both in 1989-90, and in later years, and in large part because of this there is a Bougainvillean diaspora of perhaps 20,000 mainly living elsewhere in PNG.

With BRA leadership unity under pressure, localised leadership divided, and all pre-existing formal government ceasing to operate, from March 1990, localised conflict emerged in many areas. Groups facing insecurity in such conflict appealed to PNG forces to assist them, that being a major factor in those forces gaining some control of significant parts of Bougainville beginning with Buka in late 1990. After the return of PNG forces to Buka and parts of Bougainville Island in the late 1990 to mid-1992 period, Bougainvillean opposition to Ona and the BRA consolidated around the PNG-supported Bougainville Resistance Forces (BRF), mostly former BRA elements. In areas where PNG forces returned, local customary leadership and new local government bodies established under PNG law (regional interim authorities) worked closely with PNG forces and the BRF. An alternative Bougainville leadership emerged in opposition to the BRA, and its government arm, the Bougainville Interim Government. This alternative leadership generally opposed independence for Bougainville not because

¹¹ Sam Kauona Sirivi, 'Conflict in Bougainville—Part 3: Successes of the Bougainville Revolutionary Army', NZine, 30 June 2000, <<http://www.nzine.co.nz/features/bville3.html>> [Accessed 27 August 2014].

¹² James Tanis, 'In Between: Personal Experiences in the 9-Year Long Conflict on Bougainville', unpublished paper presented at the Australian Anthropological Society Annual Conference, Canberra, 3-5 October 2002, <<http://ips.cap.anu.edu.au/sites/default/files/Tanis-Gray.pdf>> [Accessed 4 September 2014].

¹³ John Braithwaite, Hilary Charlesworth, Peter Reddy and Leah Dunn, *Reconciliation and Architectures of Commitment: Sequencing Peace in Bougainville* (Canberra: ANU E Press, 2010), p. 28.

they opposed it in principle but rather because of fear of independence under the BRA. Such division within the Bougainville leadership added complexity to efforts to begin the peace process.

These dynamics were at the heart of the emergence and escalation of localised violent conflict, 1990-97, something in many ways distinct from the secessionist rebellion fought by the BRA against PNG. It was ultimately concerns amongst 'moderate' elements in the leadership on both of the main 'sides' of the increasingly violent divide amongst Bougainvilleans about the long-term impacts on Bougainville of internal divisions that prompted exploration of options for peaceful resolution of the conflict, beginning in late 1994 and 1995.¹⁴ Ona was initially uncertain about the peace initiative that began mid-1997, but by early 1998 he decided to oppose it, and announced Bougainville's continued independence, now as the Republic of Me'ekamui. He was supported by some BRA elements (10 to 15 per cent of the former BRA) that then became the Me'ekamui Defence Force (MDF). While the area around the former Panguna mine was his main area of control, Ona also continued to have mainly small areas of majority support scattered through various parts of Bougainville.

Natural Resource Distribution as an 'Issue at Stake' in the 2001 Peace Agreement

Given the multiple factors contributing to the origins of the conflict, and the complex dynamics of both the conflict and the peace process that produced the BPA, if the Agreement was to attempt to 'resolve the issues at stake', it needed to deal with a multiplicity of issues. Given the history of mining in Bougainville, it is no surprise that the focus of BPA provisions on mining, as with most issues, was on dealing with differences between PNG and Bougainville. That is not to say that the Bougainvillean negotiators did not recognise the need to manage divisions amongst Bougainvilleans. However, for the most part they put a great deal of faith in their future ability to manage such divisions through their own democratic institutions, established initially under autonomy arrangements, and perhaps in the long term under their own independent state.

THE 1999 INTRA-BOUGAINVILLE NEGOTIATIONS ON A JOINT BOUGAINVILLE NEGOTIATING POSITION

In mid-1999, two years into the peace process, Bougainville factions bitterly opposed during the conflict had built trust sufficiently to negotiate together to develop a joint negotiating position on a possible political settlement with PNG that they presented to PNG negotiators on 30 June 1999. It largely set

¹⁴ Anthony J. Regan, *Light Intervention: Lessons from Bougainville* (Washington DC: United States Institute of Peace Press, 2010), pp. 27-41.

the agenda for the entire negotiation over the next twenty-six months.¹⁵ The Bougainville parties generally adhered to their initial position, and although some significant compromises were made, by the time the BPA was signed they felt it largely reflected their initial position. So when considering what was intended by the BPA provisions on mining, it is reasonable to look at the considerations the Bougainvilleans took into account before the negotiations began.

The Bougainville leadership debated and approved their joint negotiating position earlier in June 1999 after considering the advice of a technical team comprising advisers to all participating Bougainville factions. A discussion paper identified nine main options for Bougainville's future political status, ranging from immediate and unilateral secession to accepting the status of an existing province within PNG, and proposed a basis for evaluating each option in terms of how well it met post-conflict Bougainville's special needs.¹⁶ Twenty basic issues facing Bougainville that needed to be taken into account in choosing the most appropriate future political arrangements were identified.

After assessing how well each of those nine options met Bougainville's needs, the leaders assessed a mid-range option as most likely to meet them—it was the combination of a deferred referendum on independence with high autonomy to apply until the referendum was held. To understand what went into what was ultimately included in the BPA in relation to mining, it is necessary to consider the mining-related aspects of the summary of basic issues facing Bougainville used by the negotiators in their assessment process.

THE ISSUES INFLUENCING

THE JOINT BOUGAINVILLE POSITION ON MINING ISSUES

Five categories of issues were identified, four of them including natural resource distribution-related issues. The category 'factors contributing to the civil war' included issues related to the "basic grievances" felt by Bougainvilleans including the imposition of the Panguna mine by the Australian colonial regime, and its impacts on Bougainville culture and "the distribution of mining revenue". The category 'special needs of Bougainville arising from the war' included destruction of Bougainville's infrastructure and economic base. The category 'emergence [amongst Bougainvilleans, during the peace process] on ways ahead' included the issue of Bougainvilleans'

¹⁵ Anthony J. Regan, 'Resolving Two Dimensions of Conflict: The Dynamics of Consent, Consensus and Compromise', in Andy Carl and Lorraine Garasu (eds), *Weaving Consensus: The Papua New Guinea–Bougainville Peace Process*, Accord, issue 12 (London: Conciliation Resources, 2002), p. 39.

¹⁶ Bougainville Administration Technical Team, 'Discussion Paper: Options for Negotiations on a Political Solution—A Framework for Evaluation, 5th Draft, 30/5/99', unpublished paper, copy in author's possession.

long-advanced demands for “empowerment for themselves in decision-making on matters most affecting them”. The category ‘major constraints (administration, financial and others)’ included two particularly significant issues. One concerned Bougainville’s “weak economic base”, it being noted that: “The closure of the Panguna mine and loss of associated businesses, and destruction caused by the war, have all severely weakened Bougainville’s once strong economic base”. The other concerned a “lack of mining revenue”, it being noted that: “*Because there is little chance of the Panguna mine or other large-scale mining operations opening for the foreseeable future, Bougainville’s government revenues are likely to be limited*” (emphasis added).

There were good reasons for the Bougainvillean negotiators’ view that there was little prospect for large-scale mining resuming and providing much needed revenue. In 1999, two years into the peace process, little had been done to restore the infrastructure almost totally destroyed during the conflict. Most roads were almost impassable. There was no telephone communication or electric power in most centres. The three main urban centres associated with the Panguna mine (Kieta, Toniva and Panguna) had been destroyed, and much of Bougainville’s former main mining town and capital, Arawa, was destroyed or damaged. Most Panguna mine infrastructure had been destroyed, and the area around the mine was a ‘no-go-zone’, where access was very limited, controlled by roadblocks mounted by armed MDF elements.¹⁷ It seemed unlikely that either any future Bougainville government or mining investor (whether BCL or anyone else) would be in a position to consider large-scale mining for many years. In relation to future Bougainville governments, in particular, there was consensus that large-scale mining could resume only if the leadership became more united around an agreed policy, and if significant restoration could first occur.

THE BPA PROVISIONS ON MINING, AND ON MINING REVENUE DISTRIBUTION

But none of this meant that issues about mining and the distribution of mining revenue were ignored in the BPA. They were included in two main ways in the complex autonomy arrangements in the BPA, as well as in the PNG constitutional laws that gave effect to the Agreement. First, the wide ranging powers made available to be transferred from PNG to the Autonomous Bougainville Government (ABG) at ABG request included “mining”, “land and natural resources”, “oil and gas”, “water resources”, and “environment”.¹⁸ Unlike some other powers made available to the ABG,

¹⁷ Regan, *Light Intervention*, pp. 47-50.

¹⁸ These are amongst many other powers listed in section 290(2) of the PNG Constitution which gives effect to the BPA provisions on powers to be made available for transfer to the Autonomous Bougainville Government (ABG). For more detail on the powers and the transfer arrangements, see Anthony J. Regan, ‘Autonomy and

there is no qualification to any of these powers. It is no surprise that in pursuit of the goal of Bougainvilleans having “decision-making authority” on matters most affecting them (above), that the ABG’s earliest requests for transfer of powers involved mining, oil and gas. There is no doubt that when a power such as ‘mining’ is transferred to the ABG that it has full authority to make legislation on the subject to the exclusion of inconsistent PNG law.

As for the distribution of revenues from large-scale mining, the BPA financial arrangements ensure that most sources of mining revenue are controlled, or received, by Bougainville. However, the BPA also defers negotiation between the two governments on a decision on a significant aspect of revenue distribution.

Bougainville’s negotiators accepted that the ABG would need to rely heavily on PNG grants, at least until large-scale mining became possible, or the economy was transformed in some other unforeseen manner. PNG accepted not only that Bougainville should pursue the long-term goal of fiscal self-reliance, but also that all tax revenue collected in Bougainville should go to the ABG. In the interests of maintaining a single national economy, however, PNG insisted on retaining control of Bougainville revenue from three key taxes—company tax, customs duties, and goods and services taxes—to be credited against the main PNG grant paid to the ABG (to meet the recurrent costs of ABG activities). All other taxes would be Bougainville’s to determine and collect, including mining royalties. Even personal income tax would belong to Bougainville (subject to PNG initially having power to collect it in Bougainville and remitting it annually to the ABG). These arrangements put significant aspects of potential mining revenue under ABG control, including royalties, personal income tax and possibly dividends.¹⁹

A key natural resource revenue distribution issue was deferred till later by virtue of the BPA providing that when revenue collected in Bougainville from company tax, customs duties and goods and services taxes (GST) is sustainably greater than the cost to PNG of the main annual grant to the ABG—the Recurrent Grant—then Bougainville achieves ‘fiscal self-reliance’. At that point the two governments are to negotiate the distribution of the

Conflict Resolution in Bougainville, Papua New Guinea’, in Yash Ghai and Sophia Woodman (eds), *Practising Self-Government: A Comparative Study of Autonomous Regions* (Cambridge: Cambridge University Press, 2013), pp. 412-48.

¹⁹ Dividends on equity in Bougainville Copper Ltd (BCL) could also be a matter for the ABG through its control over mining legislation for Bougainville. There was also the issue of the Government of PNG’s 19.3 per cent equity in BCL, but the ABG argues that should be transferred to the ABG because the BPA provides that all assets associated with a power transferred to the ABG from the Government of PNG must also be transferred to the ABG (see BPA para.117, and PNG Constitution s.298(1)).

amount of tax from the same sources above the cost of the Grant. The Recurrent Grant meets the costs of the activities carried out by the ABG, and as new powers are transferred to the ABG, the base amount of that grant (which is adjusted upwards annually in accordance with the BPA) rises. In 2014 the amount of the grant is K93 million, many times more than the amount of company tax, customs duties and GST currently collected in Bougainville. PNG insisted that any tax revenues from those sources additional to the cost of the Recurrent Grant should be shared, on the basis that as part of PNG, Bougainville should contribute to the costs of services it receives from PNG (foreign affairs, security, etc.).

It was recognised, however, that the ABG will only ever be likely to achieve 'fiscal self-reliance', and the need to negotiate distribution of the tax revenue additional to the Recurrent Grant arise, if large-scale mining resumes in Bougainville. That would certainly occur if the Panguna mine re-opens, and would probably occur too in case of any other large-scale mining project. At that point, Bougainville would still receive the bulk of the tax revenue in question (through the Recurrent Grant), and so the amount the subject of negotiation would be limited.

The Bougainville negotiators agreed to defer negotiation of this issue in part because it was under discussion in March 2001, almost two years after the negotiations had commenced, and the Bougainville negotiators were becoming exhausted. Negotiations on the most difficult and contentious issue, the arrangements on the referendum on independence, had almost caused deadlock and collapse of the negotiations late in 2000, and had been successfully resolved. Pro-secession negotiators tended to feel that with their main issue resolved, that details of the autonomy arrangements should not bog them down. Influencing their attitudes in this regard was their common assessment that it was most unlikely that large-scale mining would resume for many years. Most assumed that would be unlikely before the referendum was held. As the pro-secessionists assumed that the referendum would result in independence, they also assumed that it was unlikely that the negotiation on distribution of the revenue would be required.

Implementing the BPA: The Changing Political Economy of Post-conflict Bougainville

In this section, I examine the ways issues about large-scale mining and control of mining revenue distribution have arisen and have so far played out in Bougainville since the BPA was signed. Initial issues mainly related to the ABG taking control of mining powers. But the resumption of large-scale mining started to become a real possibility much earlier than had been assumed was possible by Bougainville's negotiators when the BPA was being negotiated. This was in large part due to restoration of infrastructure and the economy progressing quite well, and in part to much improved access to the Panguna area from 2006-07. Further, the realities of heavy

ABG financial dependence on PNG prompted much greater interest in ABG access to mining revenues. Once those possibilities were being explored, the key issues rapidly centred on who would control and benefit financially from mining.

From that point the key tensions on natural resource distribution were no longer between Bougainville and PNG. Rather, they involved contending Bougainvillean interests. This was precisely because powers on mining and control of most significant mining revenues were now in the hands of Bougainville. In turn, it is that change that has transformed Bougainville's political economy. In the ABG's early stages (2005-08), its central focus was on possibilities of new mining, elsewhere than at Panguna. But since about 2010, the main focus has been on possible re-opening of Panguna, mainly because if that were to occur, it could be a source of significant revenue (associated with personal income tax for workers involved in reconstruction) even before 2020, while experience elsewhere in PNG suggests any completely new mining project would be likely to take between fifteen and thirty years to open. For an ABG struggling with a PNG government over the implementation of the BPA financial provisions,²⁰ it has seemed clear that it needs access to significant untied revenues if it is to achieve either real autonomy of independence.

But public debate on the possibilities of re-opening Panguna have been complicated because of the activities of several distinct sets of outside interests, each with Bougainvillean partners, seeking to gain economic advantage before the ABG makes mining policy and develops real capacity to control the mining sector. Some seek to block Panguna for fear its re-opening will limit their opportunities, while others seek to ensure Panguna re-opens only in ways that benefit them. A further complication involves the engagement in the debate of elements of the activist community in PNG and Australia, which are supporting those same interest groups, many of them apparently without understanding the complexities of the situation facing the ABG.

ASPECTS OF SOCIO-ECONOMIC CONTEXT IN 2014

Accurate population figures for Bougainville in 2014 are not readily available, but the most commonly cited estimate is in excess of 300,000 (some suggesting as many as 350,000), suggesting the population has more than doubled since the conflict. There seems little doubt, on the basis of observation and of extensive anecdotal evidence, that birth rates rose significantly from about 1990.

Infrastructure and economic recovery expenditure (mainly by donors) has facilitated the re-establishing of Bougainville's significant small-holder cocoa industry, which generates about K180 million per year. The next most

²⁰ Regan, 'Autonomy and Conflict Resolution'.

significant industry is artisanal gold-mining, an industry that began only in the late 1990s. Anecdotal evidence suggests a production value of perhaps K75 million in 2014, most going to as many as 5,000 or 6,000 miners. There are various other smaller industries, the largest of which is copra. Significant donor expenditure continuing since the late 1990s, increasing levels of ABG expenditure, and gradually increasing incomes for many since the late 1990s due to cocoa and artisanal gold production have helped create many other business opportunities, e.g. in transport, fuel supplies, guest houses, supermarkets and trade stores.

The geographic spread of cocoa and small-scale gold production is uneven, contributing to considerable and economic inequality, with wealth concentrated in and around main urban centres, notably Buka and Arawa. Cocoa production is particularly concentrated in north and parts of central and south-west Bougainville, and less so in densely populated Buin, where high rainfall problems have long limited cocoa production. Small-scale gold production occurs in close to forty sites, concentrated mainly in central Bougainville, and on the tailings produced by the Panguna mine and dumped in the Kawerong-Jaba rivers system, where as many as 1,000 to 1,500 people pan for gold on any given day. Population and land pressures drive significant internal migration, both within and between regions. Intra-region migration occurs especially from south and south-west Bougainville to informal settlements along the Jaba-Kawerong rivers. Inter-region migration is on a greater scale, especially from densely populated, land stressed south Bougainville, where economic opportunities are limited, to north Bougainville, where employment and informal economy opportunities are greater, and where people are buying or renting former expatriate-owned plantation land from the original customary owners of such land. Internal migration is contributing to inter-communal tensions and conflict, especially in some areas.

The proportion of youth in the population, and of youth with little or no formal education, may well be higher than was demonstrated by analysis undertaken by the North Solomons Provincial Government in 1986. It showed that in 1985, 70 per cent of the almost 150,000 people in Bougainville were under twenty-six years of age, with 33 per cent classified as 'youth', aged twelve to twenty-five years. More important, 25 per cent of youth had no formal education, while 57 per cent had no more than varying numbers of years of primary school education.²¹ In other words, 82 per cent had no education beyond primary school.

The proportion of youth with no education or only primary school education is probably higher in 2014, as a result of disruptions to education caused by

²¹ North Solomons Provincial Government, Division of Community Affairs, 'North Solomons Provincial Policy for Youth in their Communities'. unpublished report, copy in author's possession.

the conflict, the closing down of government services from March 1990, and the blockade imposed by PNG on Bougainville from May 1990 (even though services did return to large parts of areas under PNG control starting from 1991). In particular, anecdotal evidence indicates a likelihood of significantly higher levels of illiterate youth, at a time when formal sector employment opportunities are far more limited than they were before the conflict. Moreover, land pressures originating in a combination of rising populations and rapid expansion of small-holder cash cropping in much of Bougainville from the early 1960s²² contributed to increasing land pressures and growing but uneven inequality in various parts of Bougainville pre-conflict.²³ They were a far from insignificant factor in origins of the conflict, and have become far more intense since the late 1990s. Factors involved here include both even more rapid population growth, and a dramatic expansion of small-holder cocoa since the late 1990s. There is increasing evidence of involvement of young males in criminal gangs. Marginalised young men are the main sources of recruits into Me'ekamui Defence Force elements in central and south Bougainville. In general, there must be concern that the situation with marginalisation of youth is remarkably similar, though quite likely worse, than that existing in 1988, which undoubtedly had impacts on the origins of the conflict.

Former combatants (BRA and BRP, and some MDF), who were teenagers and young men when the conflict began, are now in their forties. Many are involved in small businesses of one kind or another. Just a few senior former combatants have become heavily involved in a wide range of business activities. Inevitably their status as heads of networks of former fighters, well known, or generally believed, to still control, and—in some cases—make use of weapons (inclusive of 'informal' law and order support, and 'localised conflict ending' actions of various kinds). Business success of some of the senior leaders has been assisted by access to both government and donor funds during and since the peace process. Several have become significant business figures in urban centres, though claims that they have become "warlords", heading "street gangs"²⁴ are quite erroneous.

²² Scott MacWilliam, *Securing Village Life: Development in Late Colonial Papua New Guinea* (Canberra: ANU E Press, 2013), pp. 144-9, 184-6, 193.

²³ Donald Mitchell, 'Frozen Assets in Nagovisi', *Oceania*, vol. 53 (1982), pp. 56-66; John Connell, 'Temporary Townsfolk? Siwai Migrants in Urban Papua New Guinea', *Pacific Studies*, vol. 11, no. 3 (1988), pp. 84-5; James Tanis, 'Nagovisi Villages as a Window on Bougainville in 1988', in Anthony J. Regan and Helga M. Griffin (eds), *Bougainville Before the Conflict* (Canberra: Pandanus Press, 2005), pp. 456-7.

²⁴ Stan Starygin argues that the seven former combatant and other leaders he discusses now head "street gangs" (an odd term for a Bougainville where most people live in tiny rural hamlets), mainly interested in trying to get control of future development at Panguna, with no real connection to the original political goals of the BRA. While his 2013 article is a remarkably ill-informed and simplistic analysis, it does provide some information about some of the business activities of key figures.

Several sets of economic enterprises conducted by Bougainvilleans rely heavily on control of weapons to operate. Amongst the most significant is that of major Ponzi scheme operator, Noah Musingku, who relies on armed former BRA and MDF elements to continue operating his extensive and increasingly international fraud network from Tonu, in south-west Bougainville.²⁵ In the Konno area of south-east Bougainville, former BRA and MDF commander, Damien Koike, heads a group of as many as 400 young men exploiting an alluvial gold resource with the assistance of hired earth-moving equipment, water pumps and a huge sluicing system built from bush materials and roofing iron.²⁶

ABG FINANCIAL DEPENDENCE ON THE GOVERNMENT OF PNG

It took longer than expected to achieve the initial stages of implementation of the BPA,²⁷ and as a result, the members of the first ABG provided for under the BPA were sworn in only in June 2005. In the intervening period of almost four years after the BPA was signed, the extent of tasks involved in re-establishing government services, infrastructure and the Bougainville economy became clearer, as did the reality of the uneven and limited capacity of the Bougainville Administration, and the almost total financial dependence on PNG (for grant revenue) and donors. The interrelated capacity and fiscal dependence issues have continued ever since.

The 2014 ABG budget provides for revenue and expenditure of K312 million,²⁸ of which about K34 million comes from Bougainville-derived revenue, compared to K268 million in PNG grants, and about K10 million in donor funds appropriated through the budget. The fact that substantial additional donor funds—well in excess of K150 million—was spent without appropriation by the ABG only underlines further the extent of the fiscal dependence of the ABG. PNG grants largely fund ABG recurrent costs, inclusive of delivery of basic services (including health and education).

Stan Starygin, 'The Gangs of Bougainville: Seven Men, Guns, and a Copper Mine', *Journal of Conflict Transformation & Security*, vol. 3, no. 1 (2013).

²⁵ For more on Musingku's operations to 2010, see Regan, *Light Intervention*, 117-121; John Cox, 'The Magic of Money and the Magic of the State: Fast Money Schemes in Papua New Guinea'. *Oceania*, vol. 83, no. 3 (2013), pp. 175-91; and 'Fake Money, Bougainville Politics, and International Scammers', SSGM In Brief 2014/7, <<http://ips.cap.anu.edu.au/sites/default/files/IB-2014-7-Cox-ONLINE.pdf>> [Accessed 29 August 2014]; and Anthony J. Regan, 'Bougainville's Bernie Madoff', unpublished draft paper (2009). It has been mainly since 2010 that evidence has emerged of the increasingly international fraud dimensions of Musingku's activities have emerged.

²⁶ Koike has been a figure in localised conflict in south Bougainville occurring from late 2005, and under an uneasy cease-fire since November 2011. An overview of the situation to 2010 can be found in Regan, *Light Intervention*, pp.121-6.

²⁷ For an overview of main steps and issues involved, see *ibid.*, pp. 94-108.

²⁸ In mid-2014 the exchange rate is about K1 to AUD\$0.41.

Since 2001 donor funds have met most infrastructure and economic recovery costs (though since 2011, significant new PNG funding for major infrastructure projects has become available to the ABG). The ABG has so far resisted any temptation to tax the small-holder cocoa and small-scale gold industries, mainly because they are putting income into the hands of rural Bougainvilleans. Rather, its extremely limited tax revenues come from personal income tax paid in Bougainville, its 30 per cent share of PNG GST collected in Bougainville, and revenue from the few taxes and fees it imposes under its own laws (sales tax on liquor and tobacco, liquor-licensing fees, motor-vehicle registration fees, etc.).

Limited revenues is a significant factor contributing to the ABG's Administration's limited capacity, but there are others. They include the destruction as a result of the conflict of what had been quite impressive administrative and planning capacity under the North Solomons Provincial Government.

The extent of reliance on PNG and donors is the main reason why the three elected Presidents of Bougainville, as heads of the ABG—Joseph Kabui mid-2005 to mid-2008, James Tanis, January 2009 to mid-2010, and John Momis, mid-2010 to present—have all supported resumption of large-scale mining as the most practicable way of achieving fiscal self-reliance for Bougainville.

TRANSFER OF MINING POWERS TO THE ABG

Kabui led the way, both in exploring arrangements for opening up large-scale mining in areas other than Panguna (below), and in 2006, initiating the process for transfer from PNG of powers over mining, oil and gas. There was initially some difficulty in agreeing with PNG the necessary arrangements under the BPA for developing plans to ensure that the ABG had the funds and other resources needed to exercise such powers effectively. Negotiations in the period December 2007 to March 2008 resolved those issues, mainly in relation to mining, with a gradual transfer process expected to culminate in the ABG developing its own mining policy and law within three or four years. The Kabui Government also established the ABG mining department needed to administer mining powers as they were transferred.

Before touching on the development of mining policy and law, it is necessary to outline issues arising from incursions into Bougainville by new foreign mining interests that began as early as 2005.

THE CANADIAN CONNECTION: INVINCIBLE AND MORUMBI

Possibilities of re-opening the Panguna mine continued to be remote in the first few years of the ABG, for although Francis Ona died suddenly in July 2005, the 'no-go-zone' around Panguna initially continued in place. In these circumstances, President Kabui was attracted by proposals from former

Australian, but now Canadian citizen, Lindsay Semple, the promoter of Canadian company, Invincible Resources Inc. In conjunction with Bougainvillean partners, headed by former BRA 'founding general' (Sam Kauona), Semple convinced the ABG that he should be authorised to facilitate development of all major sectors of the Bougainville economy through revenues generated through a monopoly to be held by Bogenvil Resources Development Corporation (BRDC) over all mineral exploration and development in all parts of Bougainville other than Panguna.²⁹ BRDC was initially to be 70 per cent owned by Invincible, with 15 per cent equity for the ABG, and the remaining 15 per cent divided between companies established to benefit former combatants (9 per cent) and un-named Bougainvillean 'pioneer politicians' (6 per cent), but Invincible's equity might later be diluted. BRDC would undertake all mining exploration and development work in partnership with the customary landowners of the area in question. After Kabui's sudden death in June 2008, Semple persuaded Invincible supporters in the ABG to pass an ABG law (drafted by Invincible's lawyers, in Canada, with no input from the ABG Mining Department or Law Office) purporting to give statutory recognition to the BRDC arrangements.³⁰

These developments caused considerable controversy in Bougainville, where many felt that Semple, Invincible, and a small but mainly unidentified group of Bougainvilleans, would gain an unfair degree of control of, and financial benefits from, future large-scale mining. James Tanis, who became President following Kabui's death in mid-2008, did not support Invincible. Its influence had largely ended by early 2010 when Invincible's major shareholders ensured Semple's links to the company were severed.

Semple was soon back, however, this time with another Canadian company, Morumbi Resources Inc., a small oil producer in Canada that Semple convinced could make its fortune in Bougainville. Working with Bougainvillean partners, Morumbi subsidiaries signed seven MOUs with different Bougainville landowner companies established by Morumbi and its Bougainvillean partners. These MOUs purport to give Morumbi exclusive mineral exploration and development rights over large areas of Bougainville for up to fifty-five years. The MOUs were signed with small groups of landowners, without authorisation from the bulk of landowners, many of whom complained bitterly to the ABG about the purported sale of their rights with no consultation or approval from them. (The MOUs provided that the

²⁹ The following information about Invincible and BRDC is extracted from Bougainville Administration Law and Justice Division, 'Invincible Resources Corporation & Bogenvil Resources Development Corporation (BRDC): Origins, Business Plans, Operations and Possible Changes of Directions in 2010', June 2010, unpublished report, copy in author's possession.

³⁰ *The Bogenvil Resources Development Corporation (AROB) Ltd. (Kabui Model) Authorization Act 2008.*

full range of landowners would be identified by later social mapping exercises.)

Semple and Kauona claimed that landowners were entitled to sign such agreements because section 23 of the Bougainville Constitution calls on the ABG to recognise landowners' customary rights over minerals (if they exist) when making policy and law on mining. These claims ignored not only the fact that section 23 is a non-justiciable 'directive principle', and so unenforceable in the courts, but also the grave practical problems that would be involved if landowners had unrestricted rights to deal direct with proposed explorers and developers. In May 2012, Kauona and other Bougainvillean figures involved in Morumbi presented to the ABG a proposed Bougainville mining policy document which envisaged the ABG passing legislation before the end of 2012 that would give legal effect to the Morumbi MOUs. They applied a considerable amount of public pressure for their policy to be adopted.

ABG ASSERTS CONTROL

By mid-2012, the ABG was so concerned about Morumbi's activities that it decided to develop its own 'transitional' mining legislation. It was to be 'transitional' because the ABG Mining Department was already beginning work on the long-term exercise of developing a mining policy and legislation directed at meeting the particular needs of Bougainville and at the same time aiming to meet—or better—world's best practice. The ABG stated publicly that such a policy and law would replace the 'transitional' mining law as soon as it was complete.

The ABG Cabinet gave instructions to develop the 'transitional' law using the existing PNG Mining Act as a starting point, but making significant changes. These included: recognising ownership of minerals by customary owners of land; giving the ABG authority to balance interests of resource owners and others by having authority over licensing and decisions on distribution of revenue; repealing the 2008 ABG Act recognising the BRDC arrangements; providing that the Morumbi MOUs would have no legal effect; continuing in operation the moratorium on mining exploration and development in Bougainville in place under PNG mining law since 1971, but requiring ABG Cabinet approval before it can be altered in any way; and limiting the number of major mines that can operate at any one time to no more than two. The limit on major mines was included mainly because of concerns that the push from Morumbi for MOUs over many different parts of Bougainville could result in as many as six or seven major mines, with major social and environmental impacts, and immediate depletion of resources that should be reserved for future generations.

DEBATING RE-OPENING THE PANGUNA MINE

In the years after Ona's death, the Me'ekamui Government's leadership fragmented, and their popular support in the 'no-go-zone' around Panguna

waned, mainly due to lack of access of villagers to basic services. Largely as a result, in August 2007, the leaders of a faction based at Panguna, calling itself the Me'ekamui Government of Unity, signed an agreement with the ABG³¹ directed towards, amongst other things, re-establishing government services at Panguna, a significant step towards achieving 'normalcy' in this large area.

Over the years since about 2000, a broadly representative mine lease area landowner committee had been exploring possible re-opening of the mine, and in consultation with that committee, the ABG decided to begin a wider public discussion of the issues involved from late 2009. An extended process of direct consultation with the landowners of the areas covered by leases associated with the Panguna mine began in 2010. In a series of public meetings held in the various lease areas in 2010 ABG officers emphasised that there would be no renewed mining without agreement of impacted landowners, a promise repeated publicly many times since by ABG President, John Momis. The meetings demonstrated considerable support in the landowner communities for re-opening the mine, but only if it was under an entirely new and fair dispensation, where past wrongs were righted. Re-opening was wanted both as the financial basis for possible independence, and also as the basis for economic development in the mountains around the mine, where few other economic activities were available.

In the consultation process the landowners also indicated a wish to organise themselves to be represented in discussions of the future of the mine. In a protracted consultation process, they decided to establish nine separate landowner associations, each to represent the interests of a distinct landowner group. By March 2013, the associations were for the most part fully established, and elected executives began participating in a four party (ABG, PNG, BCL, as well as Landowners) Joint Panguna Negotiations Coordination Committee exploring preparation for possible negotiations on the future of Panguna. Issues have included critically important things needed whether or not the mine re-opens, including chemical and environmental clean-ups and restoration of damaged land, rivers, etc. Amongst the landowners and the ABG there has been the beginning of discussions about whether, and on what basis, re-opening might be considered.

PUBLIC CONSULTATION

ON THE 'TRANSITIONAL' MINING BILL AND THE FUTURE OF PANGUNA

Over the two years from mid-2012, in an effort to build consensus around its plans and mining policy proposals, and in order to gauge public views beyond the Panguna mine lease areas, the ABG conducted extensive public

³¹ The Panguna Communique.

consultations about the 'transitional' Mining Bill, the future of the Panguna mine, and the 'long-term' mining policy and law. This work included conducting five large and open two day regional public forums (two in the north, two in the south and one in central Bougainville), similar forums for both former combatants and women nominated by a wide range of interest groups, as well as various other forms of consultation.

There is no form of opinion polling done in Bougainville. As a result it is difficult to gauge the reactions of the majority of ordinary Bougainvilleans to the intense debates about the future of mining and the ABG mining law. Further, the ability of both the ABG and its critics to communicate with much of the Bougainville population is severely restricted by radio broadcast coverage being restricted to about one sixth of the region's area. With over 80 per cent of the population living in scattered rural hamlets and villages, and with road transport in many areas limited beyond trunk roads, even newspaper distribution is limited, and only limited numbers of people can attend public meetings. So there is no doubt that complaints about consultation having been limited and some voices not having been heard are to some degree justified. On the other hand, given the limited capacity and resources of the ABG, the extent of consultation has been considerable.

PASSING THE 'TRANSITIONAL' ACT (AUGUST 2014) AND THE FUTURE OF THE 'LONG-TERM' ACT

The ABG did not move precipitately to enact the 'transitional' law. It was hoped that the pressures from Morumbi might dissipate, so that the ABG might be able to put the draft aside, and instead await the finalisation of the 'long-term' Bill, expected to be ready for a public consultation and awareness exercise late in 2014. These hopes were reinforced in November 2013, when a team of Canadian police and justice officials visited Bougainville to investigate possible breaches of Canadian anti-bribery laws by those involved with Invincible and Morumbi.³² From at least that point it became clear that Semple and Kauona no longer had Morumbi's financial support, and their limited public support in Bougainville waned rapidly. As a result, by December 2013, the key ABG ministers had more or less concluded they could put the 'transitional' mining law aside.

Then in late January 2014, President Momis advised his Cabinet colleagues that in advance of an unexpected visit to Bougainville, the PNG Prime Minister had proposed to him that the PNG Government transfer to the ABG its 19.3 per cent equity in BCL, and at the same time move to take over Rio

³² See Jo Chandler, 'Canadian Mounties Investigating on Bougainville', *The Global Mail*, 27 November 2013, <<http://www.theglobalmail.org/feature/canadian-mounties-investigating-on-bougainville/753/>> [Accessed 31 August 2014].

Tinto's shares in BCL.³³ The possibility that this might happen had to be taken seriously, as the PNG Government had just made what was in some ways a similar move in relation to control of the Ok Tedi mine in the Western Province of PNG. There was grave concern in the ABG about the way Bougainvilleans might react to such a move by PNG, which could involve PNG attempting to control future mining at Panguna.

As a result, it was decided to press ahead immediately with preparing the draft 'transitional' Mining Bill for debate in the ABG legislature. The final steps involved careful consultation through the Womens' Mining Forum, attended by over 200 women leaders late in March 2014, and several consultative meetings in April 2014 with senior former combatant leaders, inclusive of Sam Kauona, where important changes were discussed to the draft clauses of the Bill that covered the transition of mining licences under PNG law to becoming licences operating under the new Bougainville law. In the previous, July 2013 draft, the Bill had provided for the continued operation of the existing PNG law giving effect to the Bougainville Copper Agreement (BCA), under which BCL had previously operated in Bougainville, but only until any new agreement about Panguna was negotiated under the new ABG law. But in the public consultations about the Bill, it had become clear to the ABG that while most Bougainvilleans preferred BCL to re-open Panguna (as the 'devil they know') rather than any new developer (a 'new devil') it was not acceptable to them for the first Bougainville mining law to give any form of recognition to the BCA, or to any mining exploration or development licences granted to BCL under the grossly unfair colonial mining law operating in the 1960. As a result, the ABG directed significant changes that were approved by ABG Cabinet in early June 2014.

Hence, the Bill introduced to the legislature on 6 August 2014 provided that the PNG law giving effect to the BCA would cease to operate in Bougainville when the 'Transitional' Act came into effect, meaning that all BCL's licences would also cease to apply. Instead, the draft Bill provided that BCL would have an Exploration Licence under the new ABG law over its previous Special Mining Lease, which meant it would have a right to negotiate, with both the ABG and mine lease landowners, for the grant of a mining licence over that area. However, in addition, the President has also made it clear many times that there will be no renewed mining at Panguna unless the mine lease landowners agree.

In any event, the *Bougainville Mining (Transitional Arrangements) Act 2014*, was passed by the ABG legislature on 8 August 2014. The ABG Mining Department and other officers meanwhile continue work on development of

³³ John L. Momis, press statement, 'Miringoro Statement "Foolish, Ignorant & Misleading": Momis', 13 May 2014; and see *PNG Post-Courier*, Monday 19 May 2014.

the 'long-term' Mining Bill, which it is hoped will be presented to the legislature in December 2014, or early in 2015.

SOME POLITICAL ECONOMY IMPACTS

The debates about the possibilities, first, from 2005, of exploration for and development of minerals in parts of Bougainville other than Panguna, and then from around 2009, of reopening Panguna, have had dramatic and largely unanticipated impacts on the political economy of Bougainville. The ABG has pursued these possibilities only as means of achieving economic development, and providing the revenue needed for either real autonomy or independence. But in pursuing them, new dynamics, tensions and divisions have emerged.

In the absence of ABG mining policy and law, PNG mining law had no legitimacy in Bougainville. Moreover, until very recently, the ABG had no capacity to regulate the mining sector. The ABG also has limited capacity to administer and plan for Bougainville generally, has limited reach in most rural areas, and less in some areas under Me'ekamui leadership, or claimed to be controlled by Musingku. In these circumstances it was easy for Semple, Invincible Resources, Morumbi Resources, and their Bougainvillean partners to seek legitimacy by misinterpretation of Bougainville Constitution guidance provisions on ownership of minerals as 'cover' for pursuit of power and/or wealth through control of mining in areas other than Panguna. But these possibilities have receded as the ABG has not only moved ahead towards negotiations about the future of Panguna, but also developed its own mining legislation.

In response, Semple and his Bougainvillean partners adopted the strategy of claiming that the ABG and its advisers had become agents of Rio Tinto and the Australian Government, and were working against the interests of Bougainville. Their claims have been supported by three other main sets of interests, whose aims to control or access mining revenues, in various ways, have also been threatened by the ABG's policies.³⁴

First, the leadership of the Me'ekamui Government of Unity, based at Panguna, also opposes the re-opening of Panguna, mainly because in the absence of large-scale mining there, the leaders have been entering, or attempting to enter, a range of agreements with foreign interests, in which they have purported to grant long-term rights over minerals in various parts of central Bougainville.³⁵ Second, while the Member of PNG Parliament for

³⁴ The main Bougainvillean figures and the foreign interests they were assisting were discussed by the ABG President, John Momis, in 'Second Reading Speech by President John Momis *BOUGAINVILLE MINING (TRANSITIONAL ARRANGEMENTS) BILL 2014* To the Bougainville House of Representatives, Kubu, Autonomous Region of Bougainville, 8th August 2014' (copy in author's possession).

³⁵ Momis, 'Second Reading Speech', pp. 10-12.

Central Bougainville, Hon. Jimmy Miringtoro, wants the Panguna mine to re-open, he favours his own candidate company to replace BCL.³⁶ Third, Lawrence Daveona, since mid-2013 the chair of the executive of the Panguna Special Mining Lease landowners association, has come under the influence of an adviser from the United States. They too support Panguna re-opening, but oppose BCL, mainly on the basis that the adviser claims to be able to raise the approximately US\$6 billion need to re-open the mine, which would permit the Panguna landowners to own the mine lease. He has so far neglected to also advise on two key issues. One is the fact that very few mining companies have the technology, machinery and management experience necessary to exploit the low-grade porphyry copper and gold deposit at Panguna, and that without one of those companies involved, the finance would not be forthcoming. The other concerns the identity of his favoured operator, and his proposed relationship with that proposed operator.

In the lead-up to the third ABG general elections, scheduled for April-May 2015, the future of large-scale mining is a widely discussed issue in Bougainville, and one closely linked to the other major deeply divisive issue about which the BPA deferred consideration, namely Bougainville's secession from PNG. With the approach of the 'window'—2015-20—within which the referendum on Bougainville's future political status must be held, this election is increasingly seen as the most important ever in Bougainville. The reason is that it will determine the leadership that negotiates the referendum arrangements with PNG, and will determine what happens in relation to the future of large-scale mining. Already, there are people proposing to stand for the Presidency on the basis of platforms related to mining. In particular, Sam Kauona aims to do away with the *Bougainville Mining (Transitional Arrangements) Act 2014*, recently passed by the ABG. Ishmael Toroama, who succeeded Kauona as head of the BRA when Kauona undertook pilot training in New Zealand from 1999-2001, is also critical of the Act, amongst other things for its failure to recognise the need for former combatants' rights to compensation.

There is a great deal at stake for the various outside and Bougainvillean interests seeking to control the future of large-scale mining in various ways. Increasingly, outside economic interests are seeking to influence internal politics in Bougainville. In a post-conflict situation, where many sources of tension and division remain unresolved, and where significant 'militias' remain armed, and have leaders with their own economic agendas, many Bougainvilleans fear that the potential for further division, conflict, and perhaps violence, is growing.

³⁶ Momis, 'Second Reading Speech', p. 10.

A CURIOUS ALLIANCE: NEW MINING INTERESTS, AND ACTIVISTS

From early 2013, when public discussion first emerged about ABG development of 'transitional' mining legislations, a curious and perhaps to some extent unwitting 'alliance' developed between the outside mining interests and their Bougainvillean partners, on the one hand, and PNG and Australian activists on the other. An escalating series of attacks was made on the ABG, its President, and its advisers as acting in the interests of Rio Tinto or BCL or Australia. The attacks have been made mainly through two PNG blogs, PNG Mine Watch³⁷ and PNG Exposed,³⁸ as well as in comments on Bougainville-related posts on other PNG blogs,³⁹ and on other forms of social media (such as the Bougainville Forum, on Facebook).⁴⁰

These attacks echo the claims against the ABG made by Semple, Morumbi, and Kauona and the other interests just outlined. Indeed, much of it quotes Kauona or Miringtoro, or reproduces material that they have put out elsewhere. While it is no surprise that the outside economic interest and their Bougainville partners take the line they do in attacking the ABG, it is a concern that their attacks are repeated, and even enlarged upon by activists, who might be expected to try to consider evidence before advancing such claims.

The views of some key activists on what they regard as the evils of BCL's roles in the 1988-90 period appear to blind them to the reality being faced by the ABG: the potentially very serious problems that could be caused for Bougainville if the various outside interests were to get the control of mining that they seek. In circumstances where none of these activists have long and deep connections to Bougainville, nor detailed understanding of the current problems and pressures facing Bougainville, they have perhaps unwittingly developed alliances with outside interests seeking to get control of mining and mining revenues for their own benefit, and contrary to the interests of Bougainville.

Conclusions

Research on amelioration of conflict recurrence tends to assume it is mainly about resolving 'the issues at stake' in the correct manner. But such research cannot, of course, deal with the difficulty of the task of those involved in negotiating peace settlements in defining and identifying not only those issues, but also the measures that will best 'resolve' them. After all, a

³⁷ 'Papua New Guinea Mine Watch',
<<https://ramumine.wordpress.com/tag/bougainville/>>.

³⁸ 'PNGexposed Blog', <<http://pngexposed.wordpress.com/>>

³⁹ For example, 'Keith Jackson and Friends: PNG Attitude',
<<http://asopa.typepad.com/>>.

⁴⁰ 'Bougainville Forum', Facebook,
<<https://www.facebook.com/groups/bougainvilleforum/>>.

long and violent conflict involving natural resource distribution issues is likely to also involve more complex causes and triggers. It will generate its own dynamics, contributing to or creating new divisions, and new stakeholders and leaders will emerge. Similar processes can be expected in relation to negotiating a settlement, and its implementation. If natural resource distribution issues were a major factor in the origins of a conflict, they might not be a central focus in negotiating a post-conflict settlement. But changing dynamics, and especially changes in political economy, may see natural resource distribution issues become significant again many years into the processes involved in implementing the settlement. At this stage, though the risk of conflict recurrence may become much higher, the factors contributing to risk may have changed dramatically. If so, then assessing conflict recurrence risk is not just about political settlements that 'resolve the issues at stake', but also about understanding the changing dynamics of conflicts, peace processes, and post-settlement implementation.

On the basis of this case study of Bougainville, I conclude that natural resource distribution issues were a significant factor, amongst many others, in the origins of the conflict. In addition, it was a factor that aggravated many other factors. Moreover, many other divisions, sources of conflict and actual conflicts developed as a consequence of the dynamics of not only the conflict itself, but also of the peace process, and the process of implementing the BPA. Indeed, the tensions developing over mining related issues since 2005 are emerging as part of the dynamics generated by implementing the BPA. These are largely tensions internal to Bougainville. As a result, there is limited utility in the natural resource revenue distribution arrangements in the BPA, developed mainly to respond to the contribution of natural resource distribution issues to conflict between Bougainville and PNG. On the other hand, natural resource distributions certainly were a significant source of conflict both between PNG and Bougainville, and amongst Bougainvilleans. It was entirely reasonable for those negotiating for the BPA to include provisions intended to respond to the issues that had divided PNG and Bougainville in the 1980s, by giving the ABG power to determine mining policy and law for Bougainville, and to receive the major part of mining revenues. But it was too difficult for them to tailor arrangements in 2001 that could realistically respond to natural resource distribution issues that had divided Bougainvilleans in the 1980s (mainly issues related to the inequitable distribution of the limited natural resources revenues then available to Bougainvilleans).

In giving effect to its new right to make mining policy and law, the ABG has inadvertently helped generate a new political economy in Bougainville, where new outside interests in alliances with significant Bougainvillean interests, are engaging in a struggle for a significant degree of control over resource revenues and mining powers. These developments have ensured that the main divisive issues relating to natural resource distribution are no longer between PNG and Bougainville, but are instead between

Bougainvilleans (as even the outside interests have no leverage without Bougainville partners). The Bougainvillean negotiators for BPA did not include provision on dealing with such new sources of internal Bougainville tensions related to natural resource distribution, not only because they were not anticipated, but also because it would have been virtually impossible to do that at the time. Rather, their key assumption was that by establishing a strong and legitimate autonomous government, thereby empowering “Bougainvilleans to solve their own problems, manage their own affairs and realize their own aspirations”, and with “sufficient personnel and financial resources ... to exercise its powers and functions effectively”,⁴¹ there would be a Bougainville government body capable of developing policy broadly acceptable to all interests, and of dealing with disputes between Bougainville interests when they do arise.

But at present, the ABG still has limited capacity, and developing appropriate mining policy and law takes time and resources, and implementing it effectively takes more. Some of those attacking the ABG have strong interests in the ABG remaining weak. Their increasingly strident attacks on the ABG are being made for the clear purpose of getting control of revenue and power. There is a real political and economic struggle taking place, and the eventual outcomes are as yet far from clear. One irony here is that the ABG is seeking mining revenue in order to build the capacity needed to achieve either real autonomy or independence, when there are now risks of serious tensions and disunity that could undermine Bougainville’s prospects for achieving either goal. There are particular risks here given the ongoing presence of armed factions in Bougainville. In these circumstances, there is an urgent need for the international community and the activist community to recognise where the real tensions and dangers of conflict lie.

Whilst the current tensions concerning natural resource distribution are mainly within Bougainville, there are still possible sources of dispute between PNG and Bougainville. One concerns possible difficulties in negotiating distribution of mining and other tax revenues additional to the recurrent grant should any future large-scale mining project result in those revenues being sustainably higher than the amount of the grant. In relation to issues about the Panguna mine’s future, tensions could arise over various issues if in fact BCL were to be permitted to return, including over any move by PNG to expropriate Rio Tinto’s majority equity in BCL, and over any difference that might occur over the ABG’s entitlement to have the PNG 19.3 per cent equity transferred.

Turning, finally, to the risk of conflict recurrence in Bougainville, we can clearly set to one side the BPA provisions on mining. The real questions now concern whether a strong and legitimate ABG can emerge that can manage the many sources of tension and conflict inherent in the

⁴¹ BPA, Para 4.(b) and (g).

circumstances of post-conflict Bougainville, including those internal tensions concerning mining. The difficulties for the ABG in managing such tensions are not small. They include, in particular, the situation of marginalised youth, as we have seen, in so many ways so similar to the situation in Bougainville in the late 1980s. The history of the conflict from 1988 demonstrates that sources of anger in such a significant marginalised group can be unleashed in unexpected ways, especially where contributed to, or aggravated, by natural resource distribution issues. Discussing two natural resource related insurgencies in Nigeria, political geographer Michael J. Watts said:

The energies unleashed ... among a generation of marginalized youth is astonishing; the reservoirs of anger is [sic] now very deep having been filled by the waters of resentment over many decades. That the resentments can and have been channelled into all manner of claims, aspirations and practices (complex mixtures of greed and grievance) the borders among which are labile and porous should surprise nobody.⁴²

If the struggle over control of mining in Bougainville continues, without the ABG's authority being accepted, the outcomes will be unpredictable. All points of tension and conflict involved in or arising from this struggle are likely to be intensified by the approach of first, the ABG general election, and second the referendum on independence, and by the intersections between the political and economic struggles associated with those processes, on the one hand, with the struggles over mining.

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⁴² Michael J. Watts, 'A Tale of Two Insurgencies: Power, Place and Spectacle in Nigeria', unpublished seminar paper, presented at a workshop at The Australian National University, June 2014.