



DOCUMENTS ON
AUSTRALIAN FOREIGN
POLICY

*Australia and
Papua New Guinea
1966–1969*

DEPARTMENT OF FOREIGN
AFFAIRS AND TRADE

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AUSTRALIA AND PAPUA NEW GUINEA 1966–1969

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POLICY**

*Australia and
Papua New Guinea
1966–1969*

STUART DORAN
Editor

AUSTRALIAN DEPARTMENT OF FOREIGN
AFFAIRS AND TRADE

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ISBN 1 921244 01 1

ISBN 1 921244 00 3 (pbk)

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National Library of Australia Cataloguing-in-Publication data:

Australia and Papua New Guinea, 1966-1969.

Doran, Stuart Robert.

Bibliography.

Includes index.

ISBN 1 921244 00 3 (pbk.).

ISBN 1 921244 01 1 (hbk.).

1. Australia - Colonies - Administration - History. 2.

Papua New Guinea - Politics and government - To 1975. I.

Australia. Dept. of Foreign Affairs and Trade. II. Title.

325.39409953

Production management by WHH Publishing

Artwork by WHH Publishing

Cover artwork by Anne Wakefield

Printed by Brown Prior Anderson

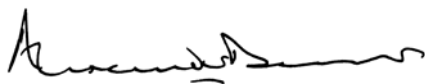
Foreword by Minister for Foreign Affairs

It gives me great pleasure to introduce this documentary collection on Australia's involvement with Papua New Guinea. It is the first of two volumes that have been commissioned to celebrate the 30th anniversary of Papua New Guinea's independence.

The decision to mark such a milestone with a historical project is particularly apt: Australia's ties with Papua New Guinea are extraordinarily long and deep. Since the nineteenth century, our shared history has been central to the shaping of each nation—and no more so than from the Second World War till Papua New Guinea's independence in 1975.

The documents in this volume cover a critical part of this important period. Relatively neglected by scholars until now, the years 1966–1969 provide the immediate backdrop to the accelerated drive of the 1970s toward self-government and independence. The breadth of Australia's activity in the late 1960s is shown by the sheer size of this volume—the largest in the series so far—and by the range of issues that are covered—constitutional, economic, social, security and multinational, to name but a few.

I commend this publication for what it reveals of the past and present relationship between Australia and its closest neighbour.



ALEXANDER DOWNER
Minister for Foreign Affairs

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Abbreviations

Abbreviations

ABC	Australian Broadcasting Commission
ADB	Asian Development Bank
AEC	Administrator's Executive Council
AG's	Attorney-General's Department
AMM	Assistant Ministerial Member
ANU	Australian National University
ANZUS	Australia–New Zealand–United States security treaty
ARA	Australian Regular Army
ASIO	Australian Security Intelligence Organisation
BSIP	British Solomon Islands Protectorate
CGS	Chief of the General Staff
CPA	Communist Party of Australia
CPPC	Central Policy and Planning Committee
CRA	Conzinc Riotinto Australia
CSIRO	Commonwealth Scientific Industrial Research Organisation
DAC	District Advisory Council
DC	District Commissioner
DCA	Department of Civil Aviation
DDA	Department of District Administration
DEA	Department of External Affairs
DIES	Department of Information and Extension Services
DOET	Department of External Territories
DOT	Department of Territories
EEC	European Economic Community
FNP	Front Nasional Papua (Papuan National Front)
FUNDWI	Fund of the United Nations for the Development of West Irian
GATT	General Agreement on Tariffs and Trade
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDCC	Inter-Departmental Co-ordinating Committee
IMF	International Monetary Fund
JIC	Joint Intelligence Committee
JPC	Joint Planning Committee
LDC	Less-developed country
LGC	Local Government Council
LIC	Local Intelligence Committee

MA	Mataungan Association
MHA	Member of the House of Assembly
MIF	Melanesian Independence Front
MIS	Monthly Intelligence Summary
MM	Ministerial Member
MRA	Moral Re-Armament
MRC	Multi-racial council
NAA	National Archives of Australia
NCO	Non-commissioned officer
NLA	National Library of Australia
OIC	Officer-in-charge
OTC	Overseas Telecommunications Commission
PIR	Pacific Islands Regiment
PMD	Prime Minister's Department
PMG	Postmaster-General's Department
PNG	Papua and New Guinea
PNGVR	Papua and New Guinea Volunteer Rifles
PSA	Public Service Association
PSB	Public Service Board
RAAF	Royal Australian Air Force
RAN	Royal Australian Navy
RPNGC	Royal Papua and New Guinea Constabulary
SITREP	Situation report
TA	Technical assistance
TAA	Trans Australia Airlines
TIC	Territory Intelligence Committee
TNI	Tentara Nasional Indonesia (Indonesian National Army)
TPNG	Territory of Papua and New Guinea
UAR	United Arab Republic
UN	United Nations Organization
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNNY	Australian Mission to the United Nations, New York
UPNG	University of Papua and New Guinea
USA	United States of America
USSR	Union of Soviet Socialist Republics

Introduction

Introduction

This is the first of two volumes on Australia's administration of Papua New Guinea (PNG). Its focus is on major policy issues debated in Canberra—and between Canberra and Port Moresby—rather than on the minutiae of practical matters that were the province of Australia's local government in PNG. The first volume covers the period 1966–9; the second will document the remaining years to independence in 1975.

Colonial background

The last decade of colonial involvement in PNG was preceded by over 80 years of Australian government interest in the eastern half of the island. In 1883, the Queensland Government attempted to annex this territory, fearing that it might otherwise be claimed by a hostile European power. This bid was thwarted by the British Government and from 1884—to the dismay of the Australian colonies—the northeast came under German control. Pressured by the Australians, the British simultaneously claimed the southeast.¹

The administration of British New Guinea reflected the Australian influence in its creation. Most senior officers were British but the Australian colonies provided much of the finance. Moreover, policy decisions were shared in the expectation that the colonies would assume responsibility when federation occurred.² The British duly handed over to Australia in 1906 and the area was renamed Papua. Australian control of the eastern side was completed when the northeast was seized from the Germans on the outbreak of war in 1914.³ Attempts to attain outright sovereignty over the northeast met with failure at the Paris Peace Conference of 1919, but Australia was granted a League of Nations mandate that brought few obligations.⁴

Australian Governments of the inter-war years paid little attention to either territory, confident that possession was enough to guarantee the continent's security.⁵ The sleepy pace and limited spread of colonial administration was matched by commercial development whose piecemeal nature represented Australia's subsidiary capitalist interest in PNG.⁶

The Second World War disturbed both the physical and conceptual dimensions of Australian rule in PNG. Beginning in January 1942, the Japanese occupied large parts of New Guinea and began air raids on Papua and northern Australia. Determined attempts to capture Port Moresby were defeated first in the battle of the Coral Sea and later on the Kokoda Trail and at Milne Bay. A series of costly counter-offensives continued in New Guinea until the surrender of Japan in late 1945. On one hand, these events intensified

1 For summaries of these events, see Stewart Firth, *New Guinea under the Germans*, Melbourne, 1983, pp. 14–17, and S.S. Mackenzie, *The Australians at Rabaul: the capture and administration of the German possessions in the southern Pacific*, Brisbane, 1987, pp. 1–2.

2 Hank Nelson, *Taim bilong masta: the Australian involvement with Papua New Guinea*, Sydney, 1982, p. 12.

3 See Mackenzie, *The Australians at Rabaul*.

4 W.J. Hudson (ed.), *New Guinea empire: Australia's colonial experience*, Sydney, 1974, pp. viii, 1.

5 *ibid.*, p. ix.

6 For accounts of this period, see Heather Radi, 'New Guinea under Mandate, 1921–41' and J.D. Legge, 'The Murray period: Papua 1906–40', in W.J. Hudson, *Australia and Papua New Guinea*, Sydney, 1974, pp. 32–56 and 74–137. The Government's fixation in this period was less on making a profit than ensuring expenditure did not exceed revenue—see Hudson, *New Guinea empire*, pp. 15–16.

the long-held belief that PNG constituted a vital last line of defence—a perception manifested by the signing of the 1951 Anzus treaty, whose terms covered Australia's Pacific territories, and by opposition to Indonesia's claims to Dutch West New Guinea.⁷ Another outcome of the war was less tangible, yet no less real: the hundreds of thousands of Australian servicemen and women who served in PNG imbibed and promoted an affection for its people that stimulated a sense of responsibility and commitment to the future of the territories.⁸

In organisational terms, the war resulted in consolidation of PNG's administrative structures. During the Japanese invasion, both Papua and the Australian-controlled areas of New Guinea were managed as a single entity from Port Moresby—a practice continued after 1945 and solidified by the *Papua and New Guinea Act 1949*.⁹ With amendments, the Act was to remain until 1975 the legal basis for Australian government in what was now called the Territory of Papua and New Guinea. The original Act provided for a civilian Administrator, advised and assisted by a non-elected Executive Council and a Territory public service. The Commonwealth Government exercised authority under the Governor-General, but so did the Administrator—and differences over the proper shape of the relationship between the Administrator and the Minister for Territories were to become a constant source of friction.

The administrative union of Papua and New Guinea did not nullify the separate status of the territories under international law. With the demise of the League of Nations, the New Guinea mandate had been reconstructed in 1946 via a United Nations (UN) Trusteeship Agreement. The Agreement allowed Australia to govern the Trust Territory as part of the Commonwealth for the purposes of 'peace, order, good government and defence', but required that the administering power 'promote the political, economic, social and educational advancement of the inhabitants, and their progressive development towards self-government or independence' in accordance with the 'freely expressed wishes of the peoples concerned'.¹⁰ Australia also had regular obligations to the United Nations: to submit a detailed annual progress report to the General Assembly and to allow 'periodic visits' by representatives of the Trusteeship Council. Successive Australian Governments were prepared to commit Papua to the basic goals of the Trusteeship, but were chary of UN encroachment on Australia's sovereign rights. Indeed, the preamble of the PNG Act made clear that the administrative union would operate alongside maintenance of 'the identity and status of the Territory of New Guinea as a Trust Territory and the identity and status of the Territory of Papua as a Possession of the Crown'.

7 Hank Nelson, *Fighting for her gates and waterways: changing perceptions of New Guinea in Australian defence*, discussion paper 2005/3, State, Society and Governance in Melanesia Project, Australian National University, Canberra, pp. 16–18.

8 See Document 155 for reference by Administrator David Hay to the influence of 'war-time association' on Australian motives.

9 References in this volume to the Papua and New Guinea Act are taken from bound volumes of Commonwealth Acts available at the National Archives of Australia (NAA).

10 For text of the Agreement, see *Yearbook of the United Nations 1946–47*, New York, 1947, pp. 195–6. For Articles 76, 87 and 88 of the UN Charter, as referred to in the Agreement, see *Current notes on international affairs*, vol. 16, 1945, pp. 147–8.

Fostering the 'miracle of growth': the Hasluck years, 1951–63

Six months after the promulgation of the PNG Act, its Labor Party authors were defeated in general elections. There followed 23 years of unbroken Liberal–Country Party government—a period whose political continuity was mirrored in the Territories portfolio. For over two decades from 1951, only two men held the position of Minister. The first of these was Paul Hasluck, a Western Australian intellectual and former public servant whose long tenure provides the immediate and most important background to the documents in this volume. When Hasluck was appointed he had ‘a feeling of dismay’ and he later complained:

I had little zeal for my new job and it was not a job to my liking but I was stuck with it for the next twelve years ... Territories killed me politically ... but what else could one do but stick at a job that no one else wanted. During most of my job as Minister for Territories that portfolio was not highly esteemed and it was of scant political significance ... It was an obscure and lonely portfolio in those days.¹¹

In spite of this reluctance, Hasluck brought energy to his task. He presided over enormous change in the implementation and administration of Government policy on PNG—but he eschewed rapid change on a narrow front. He saw in PNG the challenge of encouraging the birth of a mature society, ready to make its own decisions in a modern world.¹² This society, he believed, would build itself organically:

Sometimes commentators talk of the advancement of the people of Papua New Guinea as though advancement is something that can be delivered like a parcel. Advancement comes as the result of changes that take place in the people themselves. It is the miracle of growth; not a feat of sudden magic.¹³

Australia's calling was therefore not to dictate or to force the pace, but to assist by fostering basic preconditions on a broad geographic and demographic basis. The pressing tasks were ‘law and order, health, education’ and lessons on ‘how to earn a living’.¹⁴ Australia was to promote economic growth and provide opportunities for participation in political processes and institutions, but changes in these areas were to be gradual, staying in step with social development.¹⁵

Hasluck's carefully articulated philosophy was not always neatly translated or reflected in reality,¹⁶ yet there is no doubt that a thread ran from theory to practice; his ideas engendered and allowed rudimentary change on a broad scale. In the five years from

11 P.M.C. Hasluck, *A time for building: Australian administration in Papua and New Guinea 1951–1963*, Melbourne, 1976, pp. 4, 6.

12 For discussion of Hasluck's conception of society and its relation to the Australian task in PNG, see Hank Nelson, ‘Papua and New Guinea’, in Tom Stannage, Kay Saunders and Richard Nile (eds), *Paul Hasluck in Australian history: civic personality and public life*, Brisbane, 1998, pp. 160–1.

13 Speech by Hasluck, 11 October 1962, *Commonwealth parliamentary debates* (House of Representatives), vol. 36, 1963, p. 1479.

14 Parliamentary statement by Hasluck, 7 May 1963, cited in Hank Nelson, ‘Papua and New Guinea’, pp. 160–1.

15 Hasluck, *A time for building*, pp. 129, 170, and Robert Porter, *Paul Hasluck: a political biography*, Perth, 1993, p. 100.

16 See Alan Ward, Tony Voutas, Brian Jinks, et al., *The Hasluck years: some observations on the administration of Papua New Guinea, 1952–1963*, discussion paper 1/79, Research Centre for South-West Pacific Studies, La Trobe University, Bundoora, 1979.

1951, first contact was made with 400,000 people over an area of 65,000 square miles.¹⁷ By 1963, all areas of the Territory were officially described as being under Australian control.¹⁸ Between 1951 and 1963, the enumerated population rose from one million to two, while the estimated figure of those uncounted declined from 325,000 to 50,000.¹⁹ In the same period, numbers in Government (mainly primary) schools had grown from under 5,000 to over 40,000; the number of medical officers in the Territory Department of Public Health doubled;²⁰ the rugged interior became accessible by road;²¹ and six Native Village Councils covering 19,000 people grew to 77 indigenous Local Government Councils administering a population of 700,000. Indicatively, the Australian grant to PNG increased five-fold from \$10 million to \$50 million.

Hasluck's final two years were marked by three significant decisions whose consequences were passed to his successor. The first of these was constitutional. In 1963, it was announced that the Territory would have a House of Assembly consisting of 44 members elected from a common roll, plus 10 European members from 'reserved' electorates and an equal number of official members. The key changes embodied in these arrangements were the growth and predominance of the elected membership of the House—most of which would be indigenous—and the fact that voters came from a common roll that incorporated all controlled areas of the Territory.²² Since 1951, the Territory had had a Legislative Council—at first consisting of the Administrator and a majority of official members supplemented by three elected European members and nine appointees, three of whom were indigenous. A decade later, official members formed a minority with the addition of nine elected members, including three 'Native Members'.²³ By contrast, then, the new House was the Territory's first genuinely representative political body.

It was not, however, a fully responsible body. Ostensibly, the powers of the House were wide—to make ordinances for the 'peace, order and good government of the Territory'—but just as these powers were the same as those of the Legislative Council, so were the limitations. The Commonwealth Government maintained a right of veto over any legislation through the power of both the Administrator and the Governor-General to withhold assent to an ordinance.²⁴ An Administrator's Council—instituted in 1961 and designed to be an 'embryo executive'²⁵—was similarly geared to practice in government;

17 Hasluck, *A time for building*, p. 79.

18 I.F.G. Downs, *The Australian Trusteeship: Papua and New Guinea 1945–1975*, Canberra, 1980, p. 126.

19 Unless indicated otherwise, statistics in the remainder of this paragraph are taken from Nelson, 'Papua and New Guinea', p. 153.

20 Downs, *The Australian Trusteeship*, p. 130.

21 *ibid.*, pp. 181–4.

22 See speech by Hasluck, 7 May 1963, in *Commonwealth parliamentary debates* (Reps), vol. 38, 1963, pp. 1071–9.

23 This increased indigenous participation to a minimum of 11. For a precis of the changes to the Legislative Council in 1961, see tables annexed to speech by Hasluck, 17 October 1960, in *The Territory of Papua and New Guinea: policy statements 1960–1963*, Canberra, 1963.

24 Papua and New Guinea Act 1949–63. The Governor-General considered an ordinance when this was referred by the Administrator (a mandatory requirement in certain cases), but he could also disallow an ordinance that had been assented to by the Administrator. Both the Administrator and Governor-General were also able to return an ordinance with recommended amendments.

25 Speech by Hasluck, 7 May 1963, in *Commonwealth parliamentary debates* (Reps), vol. 38, 1963, p. 1072. Hasluck spoke of 'preparing for the executive body which will eventually become responsible to a wholly elected legislature. It would be fatal to wait for the day ... when ... the legislature will become fully elected

it contained a majority of elected members but it could not go beyond advice to the Administrator—and this on matters referred to the Council by him or as required by an ordinance.²⁶

The other major decisions made by Hasluck in the early 1960s involved education and economic policy. In 1961, a Commonwealth public service committee had been established to examine the need for higher education in the Territory and a year later Hasluck announced plans for a university and for an ‘Administrative College’ that would serve the Territory’s public sector.²⁷ In 1963, the Minister appointed a Commission on Higher Education led by academic Sir George Currie. The subsequent Currie report recommended the immediate creation of an autonomous university in PNG.

Meanwhile, the Australian Government had contracted a team from the International Bank for Reconstruction and Development (IBRD—‘World Bank’) to conduct an economic survey of PNG. The mission was asked to provide suggestions that would help Australia plan a development program aimed at economic growth and increases in the standard of living.²⁸ The nub of the mission’s report—which, like Currie’s, was completed after Hasluck had left the Territories portfolio—was that the Government should concentrate its efforts and resources on areas of the Territory and parts of its economy that would yield the highest returns. Concurrently, expenditure on uneconomic activities, such as administration and curative health services, needed to be controlled.²⁹ These measures were designed to drive the Territory away from economic dependence on Australia and toward self-reliance.

The nature and timing of political, educational and economic activities during 1961–3 have led to suggestions that they represented the start of a process in which broad-based development was progressively abandoned under pressure from the international anti-colonial movement.³⁰ The elitist aspects of the proposals and changes appeared to match more closely the policies of colonial powers who were oriented to accelerated withdrawal. Besides, a UN visiting mission of 1962 led by Britain’s Sir Hugh Foot had recommended a 100-member ‘House of Representatives’, ‘the selection of 100 ... students a year for higher education’ and ‘the completion of [an] economic survey leading to the approval of a development plan’.³¹

and at that moment to expect a fully fledged Cabinet to rise from the nest of parliamentary singing birds. Responsible government demands from members ... a capacity to do many things besides pleading their own cause or contradicting each other’.

26 Papua and New Guinea Act 1949–63. See also Document 5.

27 For an account of education policy in this period, see Downs, *The Australian Trusteeship*, pp. 245–6.

28 F.J. West, ‘Papua – New Guinea, 1961–1965’, in Gordon Greenwood and Norman Harper (eds) *Australia in world affairs 1961–1965*, Sydney, 1968, pp. 460–1.

29 loc. cit.

30 Clive Moore has written that Australia ‘made no real financial input until after 1945, and the 1960s push that moved [PNG] quickly through to independence in 1975 was brought about by international pressures, and at such a forced pace that the exercise was detrimental to balanced development’ (*New Guinea: crossing boundaries and history*, 2003, p. 185). A similar view, including specific reference to the UN visiting mission of 1962 (see below), is given by John Waiko, *A short history: Papua New Guinea*, 1993, pp. 153–4, 165, 178. For reference by Downs to the view that the mission was a turning point in Australian policy, see *The Australian Trusteeship*, pp. 239–40.

31 UN visiting mission report to Trusteeship Council, May–July 1962, cited in *ibid.*, p. 250.

This picture is misleading. While the antecedents of the new developments need more detailed archival study, there is evidence that the Foot mission garnered many of the ideas of the Australian Government and the PNG Administration and published them as its own.³² Further, the documents in this volume show little sign that the United Nations had much influence on policy. Territories officials had scant regard for the world body.³³ As such, it is reasonable to treat with scepticism claims that the Foot mission was a turning-point—but the fact of a new constituent to Australian policy remains and demands explanation. It seems likely that Hasluck thought a degree of movement at the top would deflect some of the Afro-Asian aggression at the United Nations and satisfy the related anxieties of Australia's allies.³⁴ At the same time, such an approach would not be incompatible with the broad evolution of PNG society; it would merely provide a small group with more practice before the time at which the community was ready to hold it to account. An order of priority needs to be observed here: the Liberal–Country Party sought to avoid unnecessary opprobrium but not at the expense of the fundamental belief that self-determination should occur when the people said they were ready—an event that Cabinet believed would happen in the distant future. The Government understood this view to be sensibly shared by a majority of Papuans and New Guineans. Speaking in a typical vein during 1963, Hasluck declared:

we take it as a basic principle that in each successive stage of advancement the people of the Territory can and should participate in the process and make their own judgement ... It seems to me that colonialism reaches its utmost depth when a parent authority, disregarding the wishes of a dependent people, decides and declares exactly what should happen to them. Yet, by queer paradox, this is precisely the course which is being advocated in the world to-day by so many of those governments and those critics who cry out most loudly against colonialism ... It is our firm intention to defend the freedom of choice and respect of the wishes of those dependent on us.³⁵

Charles Barnes and his Secretary

Hasluck's successor was Charles Edward Barnes, a Country Party MP from Queensland. Barnes had served in PNG as an air force pilot,³⁶ but the principal consideration in his

32 See Downs, *The Australian Trusteeship*, pp. 239–40, 242, and Donald Denoon, *A trial separation: Australia and the decolonisation of Papua New Guinea*, Canberra, 2005, p. 37.

33 Australia's dealings with the UN over PNG were, in this period, configured to prevent the more radical members of the General Assembly from interfering in the Territory. See examples in Documents 129, 153, 162, 170, 199, 228 and editorial note 'The United Nations resolution on PNG, 1969'. On the wider issue of international influences on PNG policy, Warwick Smith wrote to Justice J.R. Kerr (judge, Commonwealth Industrial Court and Australian Capital Territory Supreme Court): 'you say [in your Roy Milne lecture that] Australia is under strong international pressure to disengage politically in New Guinea ... I do not think that this international pressure has recently been as strong as it was a couple of years ago and I doubt if it will be an important factor in the next few years' (footnote 5, Document 162).

34 See Denoon, *A trial separation*, pp. 29, 36. Denoon (p. 30) cites Hasluck as writing privately to the Secretary of his department: 'You know my views about target dates [for self-government]. I recognise that we have to supply [to the UN] some appropriate eye-wash from time to time and we can provide it on request'.

35 Speech by Hasluck, 7 May 1963, in *Commonwealth parliamentary debates* (Reps), vol. 38, 1963, p. 1071.

36 Biographical statement on Barnes, apparently prepared by his office, undated, NAA: NA1983/239, 9/2. Describing Barnes as a breeder of 'bloodhorses and dairy cattle', the statement noted that 'After leaving school he spent twelve months with the Union Trustee Co., Brisbane, to gain business experience and then did a world tour of two years to inform himself on world affairs. He was mainly engaged all his life in the pastoral industry, both wool and cattle, and for a number of years was mining in Cape York Peninsula'. For a biography of Barnes, see Loraine Nott, *Ceb, studmaster of Canning Downs*, Warwick, 1989.

appointment appears to have been a perception that he was temperamentally suited to an unrewarding task.³⁷ Less irascible and less articulate than Hasluck, Barnes nevertheless shared Hasluck's gradualist approach and held to it tenaciously throughout the 1960s. He was joined in this mission by George Warwick Smith, who became Secretary of the Department of Territories in May 1964, five months after Barnes took office. A man of determination and strong ideas, Warwick Smith transferred from the Department of Trade and Industry, an institution with a reputation for talent and dominated by the demanding and impatient Deputy Prime Minister, John McEwen.³⁸ First a teacher in Queensland, Warwick Smith had joined the Federal Commerce Department in 1939 as a base grade clerk and, after the war, rose quickly to become a senior trade negotiator.³⁹ Barnes' confidence in Warwick Smith was such that he effectively delegated the bulk of policy decisions to his Secretary; as a dedicated Westminster bureaucrat, Warwick Smith diligently submitted policy matters to his Minister, but Barnes rarely disagreed with the recommendations before him. Consequently, the period covered in this volume belongs as much to George Warwick Smith as it does to Charles Barnes.

Gradualism and flexibility: key decisions on interim constitutional change and ultimate status, early 1966

The documents in this volume begin in early 1966. It was a historic point in Australian policy on constitutional development in PNG, although this was not publicly obvious at the time. The catalyst was an initiative by the House of Assembly. In January 1965, prominent Papuan member John Guise had announced that he and his elected colleagues had decided to prepare a draft constitution for PNG.⁴⁰ Thus, a Select Committee on Constitutional Development was formed in May to 'draft for the consideration of [the] House a set of constitutional proposals to serve as a guide for future constitutional development in the Territory'. Warned in advance of this move, Barnes had written to Administrator Donald Cleland that his objective was to

avoid a situation in which actions which ... [speed] up political development are considered without reference to social and economic progress in the Territory. The soundest result ... would be one which, as far as possible, linked the stages of constitutional development in the Territory with appropriate stages of social and economic advancement.

It followed that officials in the Territory tried to encourage consideration of the steps required prior to self-government while discouraging persistent indications that the Select Committee wanted to approach the issue from the other end—that is, to have Australia provide a lead on the ultimate constitutional status of PNG, which in turn would give the Select Committee a framework for looking at short- to medium-term steps. By the end of the year, the Committee indicated that for reasons associated with the electoral cycle it would begin consideration of provisional changes—but it insisted that meetings with the Government on ultimate status were essential.

37 According to Barnes, he was told by his party leader that 'I couldn't put one of my younger men in there. I know you are not ambitious (self-seeking) and you can never win in this portfolio'. See Denoon, *A trial separation*, p. 40.

38 For discussion of McEwen and the culture in Trade and Industry, see Peter Golding, *Black Jack McEwen: political gladiator*, Melbourne, 1996, pp. 131–4.

39 'N.G. Register', January 1968, cited in NAA: NA1983/239, 48/1.

40 Following information on constitutional issues during 1965 is taken from editorial note 'Papua and New Guinea's constitution and ultimate status: debate in Port Moresby and Canberra'.

In response to this situation, Barnes presented submissions to Cabinet in January and April 1966. Focussing on provisional constitutional change, the first proposed that with ‘some guidance’ the Select Committee might be influenced ‘towards an acceptable result’.⁴¹ Barnes delineated this result both in principle and precise form. He argued that arrangements in the Territory were ‘not drawing the elected members sufficiently into the day-to-day processes of administration’; elected Under-Secretaries—appointed after the Hasluck reforms of 1963 for the purpose of gaining administrative and executive experience—were struggling;⁴² and both the Under-Secretaries and the Administrator’s Council were ‘advisory only’. Barnes therefore thought that ‘quasi-ministers’ might be appointed after the 1968 PNG elections if there existed ‘strong and widespread popular support in the Territory’. This would be ‘the quickest way of increasing ... capabilities and giving ... a greater feeling of participation’. Ministerial representatives ‘would be responsible within defined limits for selected departments dealing with matters of immediate electoral concern such as Education, Health and Works’. A corollary would be a ‘move forward in the Administrator’s Council so that it becomes the forum for collective policy making and its composition is limited to the holders of ministerial office and officials’.⁴³

The lengthy list of conditions attached to these changes highlight Barnes’ view that PNG remained well short of capacity for self-government: ‘though the Commonwealth would progressively devolve its authority, in practice it would ... retain final responsibility’; ‘the Minister would retain the right to direct policy or to question any action’; ‘devolution would not apply in relation to certain “reserved” subjects—internal security, external affairs, defence, constitutional advance, law and information’; ‘the need for a reasonable pace of constitutional development has to be balanced with the difficulty of maintaining standards of administration’; ‘the extreme economic dependence of the Territory and the fact that a substantial part of the Budget is met by Australia [means] the Commonwealth must determine the strategy of the Budget’; the ‘Commonwealth Government’s control over the conditions of service of the Australian members of the Territory public service must be preserved’; and ‘the authority and responsibility of “ministerial” representatives must be confined within arrangements which leave to the Administrator as the representative ... of the Commonwealth Government ultimate authority within the Territory’. Cabinet endorsed these proposals.⁴⁴

Barnes’ second submission dealt with PNG’s ultimate status.⁴⁵ It was the first time an Australian Cabinet had considered the matter. Sketching the context, Barnes explained that he had had informal discussions with the Select Committee in January, during which he was told that the Committee wanted to speak with the Government about ‘the range of special relationships (i.e. relationships in the long-term) between Australia and

41 Document 5.

42 See also Document 17.

43 Regarding the composition of the House, Barnes thought the Government might ‘not see difficulty’ in the reduction in the number of special electorates, nor would it oppose an increase in the size of the House if this was done ‘on rational principles designed to secure a balanced and effective distribution and not on any preconceived figure’. An open mind was expressed on the reduction of the official membership as long as there were ‘enough official members ... to represent adequately the policy and views of the administration and to ensure the efficient conduct of Government business’.

44 Document 13.

45 Document 25.

the Territory that would be acceptable to Australia'.⁴⁶ He said he had discouraged the expectation that Australia would be ready or willing 'to be specific about ... ultimate status' and had felt that by the end of the talk the Committee was moving toward 'thinking about ... broad political paths ... in terms of possible future relationships with Australia'. Barnes thought there was value in this exercise for Australia, regardless of the enquiries of the Committee:

decisions on policy matters ... might vary according to whether the broad attitude is that Australia should, as soon as this is decently manageable, disengage from the Territory or alternatively, whether Australia should actively pursue policies directed towards an ultimate association. Similarly reactions to political or other new developments could be guided by the broad policy posture. To the extent that this may be desirable steps taken from time to time by the Government or by the Administration may be adapted to influence the people to look towards that broad policy objective as the outcome of the Territory's political development.

The submission presented three alternatives—'unqualified independence', 'association with Australia' and 'integration with Australia'. Within the second, there were three further options—'independence 'with special treaties or agreements with Australia'; self-government with 'certain powers (e.g. defence, external affairs) reserved to Australia'; or 'close association'. The last included 'but goes beyond self-government with ... powers reserved to Australia; it relates to an association based on a much closer relationship deriving from a wide range of possible administrative, economic, legal and constitutional links, but falling substantially short of "integration" with Australia as a state'. Barnes argued that the Government's 'present posture to long term development for Papua and New Guinea should be one of accepting an eventual close association if this is what the people of the Territory decide they want'. He conceded that there would be disadvantages, such as financial cost, migration problems and antagonism from the United Nations at the time of self-determination, yet he thought these were either surmountable or unavoidable. For example, 'the choice between a path leading towards disengagement and a path leading towards association or close association does not seem to be a choice between freedom from onerous commitments and the acceptance of onerous commitments but rather a choice between accepting less onerous or more onerous commitments'. And there were distinct advantages to closer association. Chief among these, he wrote, were defence considerations. The Defence Committee had deemed that retention of base facilities in PNG was important to the defence of Australia and the Territory and that access to these facilities over the long term would be dependent on 'the political attitude and political requirement of the popular Government of the day' in PNG. Barnes maintained that 'the closer and more pervasive the association the more likely it would be that the goodwill of the Territory people would be retained and the more durable the defence arrangements would be'.

This emphasis on defence says more about Barnes' and Warwick Smith's enthusiasm for close association than it does about assessments of PNG's strategic value to Australia. The Defence Committee's views on the subject—set down in detail during February⁴⁷—were weaker than they had been in the past and Territories was worried that this would make for a weaker submission.⁴⁸ Yet, in practice, both Barnes and Warwick Smith saw

⁴⁶ For a record of these discussions, see Document 3.

⁴⁷ Document 12.

⁴⁸ Document 18.

PNG's strategic significance as declining in tandem with the waning of Sukarno and communism in Indonesia. From March 1967, Territories began an ongoing feud with the Army over the size of the Pacific Islands Regiment (PIR), a PNG-based and mainly indigenous part of the Australian force.⁴⁹ Barnes and Warwick Smith were unyielding in their opposition to an increase in PIR numbers, a position that riled the Army hierarchy but which found some sympathy in the Department of Defence, where the views of PNG's defence importance were also changing.⁵⁰

On top of strategic benefits, Barnes' submission contended that association with PNG might also bring 'some advantage' in trade, finance and investment—though these did not 'have any weighty bearing'—and it would facilitate 'satisfactory discharge of Australia's obligations to the Territory' by 'its effect on the confidence of the people in the Territory, whether in Government or private enterprise, expatriate or indigenous'.

With regard to talks with the Select Committee, Barnes recommended a series of standard declarations, but also proposed it be told independence would be an 'acceptable situation' to Australia, if it was found that the people of PNG wanted it; 'on the other hand ... association or even close association' would also be an 'acceptable path ... Such an association could take a variety of forms, though it does not appear that integration ... would be a practicable outcome, or one that was in the interests of either Australia or the Territory'.

Prior to Cabinet consideration, the submission excited much comment within Government,⁵¹ the most crucial of which was a note made by Hasluck before he went abroad on one of his regular trips as Minister for External Affairs. Hasluck believed that 'we should avoid making declarations about the ultimate status of Papua and New Guinea and try stick as close as we can to the line that this is something for the people to choose and to work out in consultation with us in successive stages'.⁵² This was necessary because 'it is almost impossible to predict with certainty what is going to happen in [PNG]'—'as well as for political reasons':

We have to be careful not to give international opinion grounds for thinking that we are making the decision, for our strongest argument against any attempt by other nations to dictate the eventual status of P.N.G. is to be able to say that the people of P.N.G. have chosen for themselves. We have to be careful not to give the people of P.N.G. any impression that we want to reject them, or get rid of them, or that we want to swallow them. We want to be careful about scaring Australian opinion with some notion that two million or more Papuans can come to the mainland, or with some idea that we will give the Territory away, or that we expect the Australian taxpayer to provide more and more millions every year in perpetuity.

Cabinet took Hasluck's advice to heart. It decided 'against making, or so much as attempting to make' a decision on ultimate status.⁵³ It recorded the 'desire to have and

49 See Document 111. Attachment B of this document includes reference by Barnes to Indonesia. The dispute between Territories and Army is followed closely in this volume—see index.

50 For indications of this changing attitude, see, for example, footnote 1, Document 262. For further analysis of this trend, see B.G. Hunt, 'Papua New Guinea in Australia's strategic thinking, 1888–1977: the path to the 1977 statement on the defence relationship', PhD thesis, University of New England, Armidale, 2003, pp. 148–66.

51 For interdepartmental comment, see Documents 26–30.

52 Document 31.

53 Document 34.

to keep as much flexibility for the Australian Government as possible', avoiding 'both formality and precision in what is said to the Committee'. The Committee might be told 'not by way of instruction or advice but in the process of give and take of counsel' that the Territory would not want to 'make a decision for independence' until it had 'a good deal greater degree of economic and political viability than it now has'. Until then, Australia would help with PNG's development. It would 'assist towards financial independence by progressively giving the Territory more financial autonomy as its capacity to contribute to its own revenues increases' and it would 'wish to put more and more of the administration of the Territory in Territory hands, by the development of the Territory public service and to enlarge progressively the measure of self-government'. It might also be said informally to the Committee that 'whatever the political status of [Papua] New Guinea may be at any time, there would be, as a matter of mutual self-interest, a defence relationship and also a trade relationship of mutual advantage'. Finally, it could be made clear that Papua's different legal status would not entitle it to preferential treatment over New Guinea.

A critical aspect of the Cabinet discussion was not documented in the official decision. A fortnight after the meeting, the Secretary of the Prime Minister's Department, Sir John Bunting, wrote to Warwick Smith informing him that the Cabinet minute, as written, 'could give rise to a belief that the question of integration as a State remains open'.⁵⁴ He continued:

as I saw it, the line of the Cabinet discussion would require that the [Papua] New Guinea delegation receives no encouragement, and in fact receives discouragement, about integration as a possibility. Even though, as the decision records, the Cabinet has said that the ultimate arrangements will be for the people of the Territory and, if necessary, the people of Australia, at the time of independence, it also had in mind that it could be disastrous to allow the delegation to go back home with false hopes.

The Cabinet decisions on interim constitutional development and ultimate status set the tone for Canberra's policy on these questions over the next four years. The Territory would be given the opportunity to develop a limited form of executive government, but no encouragement would be given to grander notions. The future was to be left indefinite, aside from the issue of integration. Barnes and Warwick Smith, for their part, may have been disappointed that their bid for 'close association' had failed, yet Cabinet's decision did not foreclose such an option and nor was it incompatible with the doctrine of 'balanced development' under which a timetable for self-government was anathema.⁵⁵

Barnes' mixed feelings must have been accompanied by an enduring sense of irony. Over coming years, the Minister was pilloried in the press and by academics for failing to define an unambiguous constitutional objective for PNG;⁵⁶ they did not know that of all the Ministers, Barnes had been the one most keen to establish a goal of sorts and that Hasluck—whom the press often contrasted favourably with Barnes—had been the

⁵⁴ Document 36.

⁵⁵ A 1969 brief by Territories neatly described the Barnes – Warwick Smith viewpoint: 'future progress of the Territory is directly related to the policy of balanced development resulting in basic self-reliance in economic development and in social, administrative and political affairs' (brief attached to letter, Barnes to Allen Fairhall (Minister for Defence), 6 March 1969, NAA: A452, 1969/1246).

⁵⁶ See, for example, account by E.P. Wolfers, 'January–April 1968', in Clive Moore with Mary Kooyman (eds), *A Papua New Guinea political chronicle 1967–1991*, Bathurst, 1998, pp. 32–3. Another of the main criticisms—and, of course, more accurately based—was that Barnes was against setting target dates for self-government.

decisive voice for ambiguity. It was also ironic that Barnes was accused of continuing to harbour thoughts of statehood when—apart from Cabinet’s explicit rejection—his submission had dismissed the idea as ‘out of the question’.⁵⁷

The meetings with the Select Committee during April 1966 were significant for the impact they had on indigenous members. The Committee pressed officials and Ministers persistently on issues that betrayed a conviction that a special relationship—and perhaps integration—was a genuine possibility.⁵⁸ In this atmosphere, the refusal of the Australians to move from their position of ‘flexibility’—coupled with active discouragement of the statehood idea—combined to produce the reaction Hasluck had been keen to avoid. In the ears of indigenous Committee members, the expected Australian assurances of ongoing help were counteracted by the jilting effect of unexpected obfuscations. On returning to PNG, they discreetly spread the message that they had been rejected by Australia.⁵⁹

The practical outcome of this response is difficult to ascertain. Expatriate committee member Ian Downs has argued that this made target dates important for indigenes⁶⁰—and it may be that for some the establishment of a date became imperative, but there is little evidence that this view became widespread. If anything, the foreclosing of statehood may paradoxically have strengthened the determination of conservative elements to oppose talk of early self-government. For this group, who appear to have been a majority, and among whom highlands people were prominent, such talk was abhorrent because it feared the withdrawal of Australian largesse and of arbitration between rival tribal groups.⁶¹ By this way of thinking, knowledge that PNG would never become an Australian state was perhaps translated into a further reason for putting off self-determination and for trying to ensure that, when the time came, Australia was not encouraged by radical opposition to retreat yet more from continued and close association with PNG affairs.

Economic policy and indigenous discontent, 1966–7

A strong feature of the Barnes – Warwick Smith interpretation of balanced development was its emphasis on economic growth. The World Bank report of 1964, accepted by Cabinet as a ‘basis for planning’,⁶² became in Territories an object of devotion—not only as a blueprint for specific initiatives, but also more fundamentally as an ideological guide that stressed aggressive investment in areas that would push PNG toward economic self-sufficiency. Correspondingly, there was less of an accent on Hasluck’s earlier concern to minimise social tensions associated with change. Although Barnes did not publicly or perhaps even consciously disavow this commitment, in reality both he and Warwick

57 Document 25. This misinterpretation has most recently been repeated by Denoon, *A trial separation*, p. 54.

58 See Document 38.

59 Downs, *The Australian Trusteeship*, p. 375. Downs (footnote 73, p. 420) cites personal communications with Guise and Committee member, Matthias Toliman, but he makes no references to highlands members such as Tei Abal.

60 *ibid.*, p. 375.

61 The highlanders saw Australia’s arbitral influence not only as a protection against intra and inter-tribal physical clashes but also as security against political domination by the more sophisticated coastal people. See, for example, Documents 200 and 259, Hasluck, *A time for building*, p. 84, and Downs, *The Australian Trusteeship*, p. 186.

62 Document 210.

Smith thought that social instability was inevitable and would settle in the fullness of time.⁶³ Economic progress, on the other hand, could not wait.

The focus of economic planning from 1966–8 was the preparation of an economic development program as recommended in the World Bank report. This was a lengthy process, running alongside partial implementation of the Bank's suggestions, the patchy character of which prompted a follow-up IBRD mission to complain that there 'seemed to be little central thinking on relationships between the various sectors' of the economy.⁶⁴ Work on the development program was accompanied by the negotiation of a copper mining agreement for Bougainville island—an exercise not only chronologically coincident, but one that came to parallel the development program in order of magnitude and importance. For this reason—and because of what it showed of Australian attitudes to PNG's political, social and economic present and future—the genesis and early operation of the Bougainville project is dealt with in detail in this volume.

After beginning exploration in Bougainville in 1963,⁶⁵ mining company Conzinc Riotinto of Australia (CRA) entered into negotiations with the Administration in February 1966.⁶⁶ Over the course of 18 months, CRA drove a hard bargain on the terms of a mining agreement,⁶⁷ knowing, no doubt, that the Government increasingly saw the project as an unexpected stroke of luck in the quest to make the Territory economically self-sufficient. Nonetheless, the Government was equally aware of the company's substantial and ongoing investment in prospecting and planning—and so there was resistance to proposals regarded as unusually favourable to CRA.⁶⁸ The Bougainville copper agreement was signed in June 1967 and later ratified by the House of Assembly. Barnes was delighted with the agreement, telling the Australian parliament three weeks before that projections indicated the mine would 'double the 1965–66 rate of Territory exports' by the mid-1970s.⁶⁹ The agreement would, he said, be a 'milestone in the Territory's economic development'.

Others were less enthusiastic. From at least mid-1965, there was local opposition to CRA's activities.⁷⁰ This took the form of interference with prospecting work and of demands for compensation. Barnes took a hard line. He was adamant that there should be no dilution of the principle that mineral wealth was a national asset and could not be passed over to landowners.⁷¹ This stance 'hardened' opposition on the ground and encouraged a political

63 Speaking of disturbances over compulsory acquisition of land in Bougainville during 1968, Barnes told parliament that 'what happened [here] and what may happen elsewhere reflect the problems of transition into a modern world and a modern society' (12 August 1968, *Commonwealth parliamentary debates* (Reps), vol. 64, 1969, p. 18). Four months later, amid violence in East New Britain, he said that 'such tensions inevitably are engendered when people are brought from a simple subsistence existence into a modern complex economy' (footnote 11, Document 340).

64 Document 99.

65 For background, see editorial note 'Mineral discoveries on Bougainville island'.

66 Document 11.

67 See, for example, Documents 33, 79, 92 and editorial note 'Bougainville copper: negotiations between the Commonwealth and CRA'.

68 For Cabinet consideration and decision on the terms of the agreement, see Documents 100 and 106. The company was disappointed with Cabinet's insistence that royalty payments be placed inside the tax ceiling and requested reconsideration, but this was refused (see Documents 107, 109 and 116).

69 Footnote 3, Document 107.

70 See editorial note 'Mineral discoveries on Bougainville island'.

71 loc. cit.

initiative in the House of Assembly. Member for Bougainville Paul Lapun proposed that landowners receive five per cent of the royalties from the mine—an idea staunchly opposed by the Administration—but one that was eventually accepted because of the strong view of the House that national rights should not completely abrogate local privilege.⁷² ‘We are’, wrote a Territories official, ‘clearly going to have trouble in Bougainville and it will be best to have this with the House of Assembly behind us rather than against us’.⁷³ Still, the spirit of compromise had strict limits. Barnes insisted that a quid pro quo from the House was the acceptance of five per cent as a ceiling—while in private he authorised the use of force in Bougainville, ‘subject to humanity and standing field orders’, if attempts to explain the Administration’s obligations were rejected.⁷⁴

A collision between Government economic policy and popular opinion also occurred in urban areas. In 1963, a decision had been made to bring ‘down salary levels to what it was estimated the economy of the Territory could afford’—in particular, by reducing the income of indigenous public servants in relation to their expatriate counterparts.⁷⁵ Protest against this change came to a head during 1966–7 while the issue was at arbitration. Unrest among public servants and students had knock-on effects within the PNG police and PIR,⁷⁶ prompting fears in the Administration of ‘civil disorder’ of ‘major proportions’—disorder which, in turn, was thought to constitute a serious threat to internal security because of the uncertain reliability of the Territorial forces.⁷⁷ Barnes’ response to this challenge matched his reaction to problems in Bougainville. He offered concessions that left policy principles inviolate,⁷⁸ and he directed that continued dissent should be ‘handled with firmness’.⁷⁹ He also attempted to secure Cabinet permission for the use of the Australian army in aid of the civil power ‘as a last resort’.⁸⁰ Cabinet endorsed interdepartmental planning, but would not provide a *carte blanche*. Recognising ‘the grave consequences’ which could attend a call-out, Cabinet indicated a ‘wish to explore without delay any possibilities which existed, or might arise, of reducing the risk of disturbances occurring which could get out of hand’.⁸¹ Territories met with similar caution during interdepartmental discussions and by 1969—when the matter again became live—neither guidelines nor contingency plans had been agreed.⁸²

72 Editorial note ‘Lapun’s bill and the situation on Bougainville’ and footnote 4, Document 88.

73 Editorial note ‘Lapun’s bill and the situation on Bougainville’.

74 Document 88. Barnes, the Department and the Administration were convinced that expatriate Catholic priests in Bougainville were key agitators on the island (see, for example, editorial note ‘Lapun’s bill and the situation on Bougainville’ and Document 83).

75 Document 2.

76 The PIR was part of the Australian army but consisted mainly of indigenous personnel.

77 Document 41. See also assessments in Documents 35, 40, and 41.

78 See, for example, editorial note ‘Industrial unrest: announcements on police and PIR conditions of service’.

79 Document 44.

80 Document 46.

81 Footnote 2, Document 50.

82 Editorial note ‘Internal security planning’.

Creation of an embryonic ministerial system, 1967–8

Assessments of the situation in the PIR and the constabulary became progressively more benign from mid-1966⁸³—and, a year later, estimates of the physical threat posed by students and public servants followed a similar trajectory as protests climaxed and petered out in the wake of an arbitration finding that supported the Government position.⁸⁴ Even the ferment in Bougainville had eased somewhat under what the Administration saw as the impetus of improved communication tied to a ‘strong force of police’.⁸⁵ During this hiatus, Territories and the Administration were preoccupied with systemic political and economic changes. The first revolved around the outcomes of the Guise Select Committee, which presented its final report in June 1967. In substance, the Committee’s recommendations traced the outlines of the Cabinet decisions of early 1966 on interim constitutional progress. The Committee recommended that seven ‘Ministers’ be appointed from the elected members of the House, each being ‘responsible, with the permanent Departmental Head, for departmental policy and for the overall activities of the department’.⁸⁶ Elected ‘Assistant Ministers’ would also be appointed to work underneath departmental heads. The Administrator’s Council would be renamed the ‘Administrator’s Executive Council’ (AEC) and would incorporate the Administrator, three official members and the seven Ministers plus one member nominated by the Administrator. None of these propositions contradicted the conditions established by Cabinet in 1966. The AEC was categorised as the ‘principal instrument of policy of the Executive Government of the Territory’ but the Committee accepted that until self-determination the ‘duty and responsibility of administering the Territory rests with the Administrator acting on behalf of the Australian Government’. Likewise, although an interim report had stated that ‘elected members should, as far as practicable, assume some control over locally raised revenue’, the final recommendation simply followed earlier counsel from the Administrator that advice on the budget could be channelled to him through the AEC.

Cabinet accepted the Committee’s report in toto, except for use of the term ‘Minister’.⁸⁷ Barnes had suggested that this appellation was inappropriate for ‘a stage of political development where a full ministerial system is not being introduced and has not been sought by the people’—and he felt, moreover, that its use could be dangerous as it would ‘produce a real prospect of evolution towards self-government through the back door without further decision by the Australian Government and without further consultation with the people of the Territory and possibly contrary to the wishes of the majority of them’.⁸⁸ The positions were subsequently labelled ‘Ministerial Member’ and ‘Assistant Ministerial Member’.

Cabinet’s endorsement of the Committee’s findings was succeeded by a lengthy and intricate debate in the bureaucracy over the legislative framework and practical operation of the new structure. In preparing alterations to the PNG Act, the priority for Barnes and Territories was to protect the Government’s veto powers over the House of Assembly.⁸⁹

83 See Documents 56 and 65.

84 See Documents 108, 112, 117 and footnote 3, Document 141.

85 Footnote 3, Document 224.

86 See Document 118.

87 Document 139.

88 loc. cit.

89 See, for example, footnote 2, Document 158; also Documents 173 and 174.

With this safeguard in place, the Department hoped to use the ministerial system as a sop to accelerated constitutional change. This much is clear from the different drafts of the working arrangements for ministerial representatives, the details of which the Act left almost entirely to the Minister for External Territories.⁹⁰ There were tensions with the Administration as attempts were made to negotiate the wording of the arrangements. Territories was suspicious that the Administration would sabotage the objective by trying instead to grab more power for itself. Assistant Secretary J.O. Ballard minuted Warwick Smith that ‘if we permit the Administration to frustrate Ministerial Members the inevitable result will be that the members themselves will press for greater changes amounting to full self-government’.⁹¹

To a large extent, these strains were more about means than ends. At this stage, Administrator David Hay was basically in agreement with the Barnes – Warwick Smith view of political development. In January 1968, a year after his appointment as Cleland’s successor, Hay argued that ‘if we wish it, the pace of the arrangements towards self-government can be kept reasonably slow and orderly’.⁹² But he had a different perspective on how to bend the ministerial system to achieve this. He thought that ‘the more you define what Ministerial Members can do, the more you define what they cannot do’—a position which ‘opens the way to pressures’; the best way to meet the Select Committee requirement of further constitutional movement within four years was to withhold for two years the definition of specific individual powers for Ministerial Members.⁹³ The final version of the arrangements was a compromise—if one skewed to the Department’s line⁹⁴—yet the dispute over the relationship between the ministerial system and management of political change was to arise in a more vexed form during 1969.

David Hay

David Hay was an unusual choice as Administrator. Like his predecessor, he had had wartime experience in PNG—three years of service during which he was wounded and received two military honours.⁹⁵ But what set him apart was his extensive international background. Rejoining the Department of External Affairs (DEA) after the war, Hay had postings in Ottawa and Bangkok—and from 1963 to 1965 was the head of Australia’s mission at the United Nations in New York. This background—and particularly his UN work—made him conscious of the sensitivities and aspirations of the anti-colonial movement, which was growing in momentum in the 1960s. His preparatory discussions and early statements as Administrator indicated a belief that colonial powers had to take account of global changes by being more inclusive. He spoke to Warwick Smith of the ‘necessity for consultation with Papua – New Guinea institutions’; it was essential, he said, for ‘major decisions [to be] supported’ by these institutions, an aim that required ‘some

90 Barnes’ title changed in February 1968 when responsibility for continental territories was transferred to the Minister for the Interior. See editorial note ‘Territories: changes to the department and portfolio’.

91 Document 178. See also footnote 2, Document 192.

92 Document 155.

93 Document 192.

94 Final is Document 197; a late departmental version, approved by Barnes, is Document 193.

95 Press statement by Barnes, 21 July 1966, NAA: A1838, 936/3/7/1 part 3. Hay was named a Member of the British Empire (military) in 1943 and was awarded a Distinguished Service Order in 1945. He had fought in the Middle East for two years prior to his transfer to PNG.

finesse on our part—that having been a characteristic somewhat lacking in the past’.⁹⁶ In his inaugural speech, he talked of ‘increasing consultation’, of partnership and of the need to ensure ‘the government is fully aware of Territorial views which should affect its thinking on policy’.⁹⁷ His concluding comments clearly demonstrated an awareness of the decolonisation phenomenon:

The period of development that lies ahead calls for many of the same qualities that have given the Administration its good name in the past ... But some new methods and attitudes are also needed ... the Administration’s activities will increasingly need to be based on mutual consultation with the people most affected and to proceed in co-operation with the Territory’s own institutions.

Pointedly, his penultimate remark dealt with inter-racial relations: ‘It is the duty of all who serve the Administration, both Papuans and New Guineans and Australians, to play their part in solving social problems which cannot be solved by legislation but which nonetheless need to be solved if Papuans and New Guineans and Australians are to maintain their traditional friendship’.

Hay did not regard the lessons of worldwide decolonisation as being uniformly positive. His UN experience made him skeptical and wary of many of the activities of the anti-colonial lobby. He saw its rhetoric as exaggerated and its effects as chaotic, telling Barnes that exposure of PNG’s people to ‘how the U.N. works and how many of its members manage their own affairs ... could put radical ideas into the heads of the young, but it is more likely to open their eyes’.⁹⁸ This hard-nosed perspective on the newly independent states was typical of Hay’s generation in DEA, most of whom were unimpressed with the changes associated with the demise of western influence in the UN General Assembly. Hay’s successor in New York, Patrick Shaw, reflected this view when he wrote of the ‘debasement of the currency’ of resolutions, the ‘anti-colonial witch-hunt’, ‘deep-rooted prejudices’, a ‘playing to the gallery by the other side’—and a cynical and unprincipled use of voting power.⁹⁹

Overall, Hay’s UN background meant that, in the PNG context, he tended to discount the views of expatriates and their indigenous disciples who were well in front of the masses, and he was convinced that the Territory needed a firm hand.¹⁰⁰ But he thought that Australian policy could not stagnate or appear insensitive without risk of provoking resentment. A middle road had to be negotiated if Australia was to stave off administrative anarchy or the rise of a violent and angry indigenous political leadership.¹⁰¹

The second House of Assembly and new political groupings, 1968

The introduction of quasi-ministerial government was timed to coincide with the inauguration of a second House of Assembly. Meeting for the first time in June 1968, the House was notable for its high proportion of new members, many of whom were young, educated coastal indigenes.¹⁰² In addition, a conspicuous group of new members claimed

⁹⁶ Footnote 1, Document 87.

⁹⁷ Speech by Hay, 9 January 1967, NAA: A1838, 936/3/7/1 part 3.

⁹⁸ Document 155.

⁹⁹ Footnote 3, Document 24.

¹⁰⁰ See his comments on ‘Australian individuals and learned societies’ in Document 155. For an example of Hay’s views on strong central government, see Document 295.

¹⁰¹ See Document 309 for an indication of Hay’s fears of radicalism.

¹⁰² For comments on the composition of the new House, see Documents 169, 177 and 200.

allegiance to a new political formation, the Papua and New Guinea Union Pati (Pangu Pati). Political parties were a novelty in PNG politics and were already notoriously ephemeral. Thus, considerable publicity was created by the election of a dozen candidates who stood by their party affiliation, even if many observers thought the organisation would quickly wither.

There were other reasons for interest in Pangu. Its creation in June 1967 was, in part, a reaction to the Government's industrial policy,¹⁰³ and the party had come under immediate suspicion of having radical views on the timing of self-government and independence.¹⁰⁴ Officially, the party advocated 'home rule' in 1968, 'years of experience' of self-government under Australian guidance, and eventual independence.¹⁰⁵ The political climate in PNG—and Pangu's sensitivity to allegations of extremism—was illustrated in August 1967 when the Pati expelled senior member Oala Oala-Rarua for suggesting that independence might come by 1970.¹⁰⁶

This background had a critical effect on the early meetings of the second House. Alongside Pangu's coherence as a unit, the keynote of these meetings was the coalescence of an informal conservative coalition against it (known as the 'independent group'). The independent group was heavily influenced by highlands constituencies, both expatriate and indigenous, and shared common ground with Barnes' philosophy on PNG's development. But the group's unifying force was its antagonism to Pangu, as Hay explained in a paper for Canberra:

There is little doubt that during the first sitting, at least, Pangu received a set-back. Firstly, the party itself suffers from a sort of stigma—that of demands for early independence, and although Pangu has made strenuous attempts to put the record straight, it has met with only limited success. There was certainly nothing radical in [the] Pangu policy speech which called for progressive political development by three stages—'immediate home-rule, internal self-government after considerable real political experience with home rule, and ultimate independence'. But to many conservative Highlanders, and to some coastal Members as well, the words 'home rule', 'self-government' or 'independence' are anathema and, consequently, so is 'Pangu'.¹⁰⁷

Hay thought this sentiment was further exacerbated by party leader Michael Somare's 'tendency to dictate to Members ... and [by Pangu's] refusal to accept Ministerial positions'—but he did not dismiss its potential. 'There was', he wrote, 'both in the lobbies and outside the House, a good deal of sympathy for the Party rejecting Ministerial positions, at this stage. And many of the younger and more educated people regard Pangu Pati as being the most progressive and able group to help them realise their aspirations'.

Formulation of an economic development program, 1967–8

Aside from political change, completion of the economic development program was the second aspect of policy extension that absorbed Government as the security situation eased from mid-1967. In June 1967, the Administration tabled a paper that sketched the Government's vision for economic advancement—but the document was more about

103 See Documents 97 and 120.

104 Documents 122 (footnote 2) and 148.

105 Footnote 2, Document 122, and Document 120. Pangu's platform equated 'home rule' with 'some measure of full ministerial responsibility and executive government'.

106 Footnote 6, Document 148.

107 Document 200. See also Document 207.

convincing the Papuan and New Guinean population that it was beneficial to concentrate effort on productive sectors of the economy.¹⁰⁸ The program itself was presented to Cabinet in July 1968. Describing it as an update of the 1964 IBRD report, Barnes stressed that the program's 'main purpose' was to 'encourage the most effective use of the Territory's human, physical and financial resources'.¹⁰⁹ This would be achieved by 'setting ambitious but realistic targets so as to give a clear sense of direction'; by 'enabling effective planning by the Administration especially in fields such as education and major public works where plans need to be viewed against a longer term perspective'; by 'highlighting future growth potential and prospects and thereby giving assurance and stimulus to private enterprise'; and by 'encouraging maximum effort and acceptance of greater responsibility by the Territory public, especially the indigenous people'. In proportional terms, the program was 'in harmony' with the 1964 recommendations:

Major emphasis will therefore continue to be placed on building up the productive potential of the Territory and on the advancement of the indigenous people through secondary and higher education and vocational training and the acceptance of greater responsibility. Expenditure on such services as health and primary education will be contained. As the Mission's Report stated:

'Only by these means can the real income of the native people be raised, the tax base broadened, the disproportionate gap between Government expenditures and revenues raised in the Territory narrowed and the widening deficit in the balance of payments—now met by grants from the Government of Australia—reduced.'

Barnes warned that the program would not bring an immediate solution to PNG's import-export conundrum. The balance of payments on current account deficit for 1967–8 was expected to be \$108 million and was projected to rise to \$185 million by 1972–3. The gap would be met mainly by the Commonwealth. 'But', he predicted, 'it would begin to decline within a few years thereafter' and there would also be assistance from private investment and international loans.

Typically for Barnes, the submission made much of the principle of mutual obligation. Australia's help would be 'offered on the basis of the co-operation of the House ... and the people of the Territory'. Harking back to the Cabinet decisions of 1966 on interim constitutional development, the Minister added that 'As in the case of the budget it is proposed that in the event that the House of Assembly should attempt to vary the programme in a way unacceptable to the Government the intention would be that the amount of the grant and arrangements for Australian aid should be open to review'. This cooperation would also require active responsibilities on behalf of the House. Barnes suggested that Australia might indicate 'it is prepared for its part to contemplate increases in its financial contribution to the Administration budget of the order of 10% per annum over the period of the programme ... if the House of Assembly indicates that it is prepared to increase progressively the Territory's financial self-reliance by raising the level of Territory receipts (revenue and loans) as much as practicable'.¹¹⁰

108 Document 82.

109 Document 210.

110 Barnes proposed that caveats to the Australian obligation should include the right to vary the form of the Australian contribution to the Territory budget—presumably, by substituting grants for loans—and the assumption that in the 'not perhaps likely' event of self-government or independence within five years, the development program would be subject to review and possibly renegotiation. This last contingency was not to be raised publicly as it would 'give rise to a variety of problems in the Territory'.

Cabinet ‘endorsed the proposed objectives and targets of the Papua New Guinea five-year development programme as a basis for planning and subject to a similar endorsement by the House of Assembly’.¹¹¹ But it shied away from official promises on future spending; it gave its imprimatur ‘on the understanding that such approval for planning purposes does not carry with it endorsement of any implied commitments for financial provisions’.

Increasing pressures: politics and security, late 1968 – early 1969

Late 1968 and early 1969 was a time of increasing difficulty for the Administration as it was bombarded with a proliferation of security and political problems. Resurgent troubles combined with new obstacles. In Bougainville, an ‘increased tempo of survey work’ was by September 1968 ‘bringing to an end the period of quiet and comparative acceptance of operations by the people’.¹¹² There were disturbances on the ground and growing calls for secession, as highlighted by Lapun’s support for a Bougainvillean referendum on the matter.¹¹³ Six weeks later, a new party on East New Britain’s Gazelle Peninsula was suing for independence for the New Guinea islands.¹¹⁴ Meanwhile, along the international border, refugees were continually crossing into PNG from West Irian—and there were fears that numbers could escalate as tensions in the former Dutch territory increased ahead of an act of self-determination planned for 1969.¹¹⁵ Apart from logistical considerations, officials were exercised over the possibility of damage to Australia–Indonesia relations and of repercussions in the Territory. External Affairs was worried that Indonesia might become agitated about Australia’s policies for handling refugees—the consequences of which would be magnified if there were incidents resulting from border violations by Indonesian forces.¹¹⁶ On its side, the Administration was apprehensive that its police force might not be able to manage such violations without the assistance of the PIR¹¹⁷—and it judged that the refugee issue and the situation in Irian might become a cause célèbre in the House of Assembly, particularly if the Administration appeared to be partisan to Indonesia’s manipulation of the 1969 vote. Ballard remarked to a colleague:

I am worried about ... any general approach in EA that the PNG authorities should be taking sides in support of the Indonesian line at the coming referendum. This is a referendum to which the people of W. Irian have a right & the internal political consequences in PNG of the Administration appearing to assist Indonesia in denying that right will be very real and could well give Pangu ... the cause it lacks to unite the House of Assembly against the Administration.¹¹⁸

External Affairs responded to the refugee problem by seeking to ‘build [Indonesian] confidence in our motives in the handling of border and border-crossing questions and [by] strengthen[ing] confidential exchanges’.¹¹⁹ In essence, Indonesia was to be assured that Australia would not interfere—or allow interference—with Indonesia’s activities in Irian. As part of this process, the Ambassador in Jakarta was asked to inform Indonesian

111 Footnote 6, Document 210.

112 Document 224.

113 loc. cit. and footnote 1, Document 223.

114 Document 234.

115 Documents 213, 218 and 219.

116 See, for example, Documents 218 and 219.

117 Document 213.

118 Footnote 14, Document 237.

119 Document 237. Discussions with Indonesia had been ongoing—see, for example, Documents 113 and 138.

authorities that the Administration was taking measures to prevent Irianese refugees from using the Territory as a base for transferring anti-Indonesian propaganda into Irian.¹²⁰ (The ‘extremely delicate matter’ of possible clashes between Australian and Indonesian forces would have to be discussed ‘at a carefully chosen time’.) Acting on an Indonesian feeler, the Government also invited the military commander of West Irian, Brigadier-General Sarwo Edhie, to make a ‘familiarisation tour’ of PNG.¹²¹ In return for these expressions of Australia’s bona fides, the Indonesians were encouraged to respect Australia’s sovereign right to deal with refugees on its own terms.¹²² With regard to Territory opinion, the Administration was allowed to assure the House that it used this right in accordance with ‘internationally recognised principles of humanity’—though official members were instructed to try to gag debate on a forthcoming motion on the refugees if it moved to the situation in Irian proper.¹²³ Awkwardly, there had been no such discouragement of an earlier resolution of the House which had condemned the Soviet invasion of Czechoslovakia, but this was simply ‘an exception’ that ‘should be denied as a precedent’. And any ‘Further ventures in this field should be strongly resisted as outside the boundaries of the Territory and outside the province of the House’.

Territory attitudes toward Bougainville and the Gazelle posed a greater dilemma. While physical obstruction in Bougainville was still to be handled by lengthy discussions with locals, followed if necessary by police action, there were no established procedures for secession. Early agreement was reached on the need for moves in the House and on Administration radio to counter the tendency,¹²⁴ but the content of any statements was a moot point. Hay wanted the Minister to ‘state quite clearly and firmly that a united territory is a fundamental assumption, both of the development programme and of the Government’s willingness to back it’. Barnes was more cautious, as Warwick Smith commented to Hay:

The Minister, at present, considers that the official position ought to be to encourage and speak in favour of unity but not to present any overt official opposition to separatist movements. Quite apart from whether the Commonwealth Government would be prepared at the wish of the majority to enforce unity on a minority who wish to break away, for the Government to take too firm a position in support of national unity could be counter productive and even strengthen the hands of those who wish to break away. We have all noted recent history (e.g. Nigeria, West Indies, Malaysia, Central African Federation) of attempts to create a large unit which have failed in an attempt to maintain unity ... The Minister’s thinking, therefore, is ... to present the arguments on economic and political grounds for the larger unit. The view would be put that the Government thinks that it is in the people’s own interests to have one Territory and if any section wants to change this the advantages of unity should be stressed. At present the attitude should be that the Government believes that the majority of the people will see the advantages of unity.¹²⁵

120 Document 237.

121 Documents 244 and 248.

122 President Suharto and Foreign Minister Malik were encouraged to believe that controversy would attract unfavourable attention in Australia and abroad—see Document 244 against the background of Document 113.

123 Footnote 19, Document 246.

124 Footnote 8, Document 230.

125 Document 242. The differing emphasis between Canberra and Port Moresby had begun to emerge earlier—see Document 236. For pro-unity action in the House, see Document 246.

There were also differences between Canberra and Port Moresby over whether to treat Bougainville as a special case. There was concurrence on the desirability of mounting a ‘psychological campaign’ on the island—with Barnes being impressed by a consultant psychologist and psychiatrist who recommended the exploitation of ‘lines of fission’ among Bougainvilleans—but Hay felt that ‘For the Administration to react too strongly to the present situation in Bougainville, particularly by giving “massive aid” to the agriculture, education and health services there as suggested ... could well create difficulties in other areas’.¹²⁶ However, Barnes sided with Territories’ view that ‘a concentrated effort to dampen the unfavourable effect resulting from the Bougainville situation would in the long run cause less trouble’. Under this regime, the Administration would ‘inject as much resources into the District as possible’.

Other pressures: relations with the House

In the 1960s and since, the nature of the House of Assembly has provoked much comment. Its procedures have been condemned by some as grotesquely inappropriate for Melanesian culture—and the behaviour of its indigenous majority has been characterised as docile.¹²⁷ There is no doubt that most Papuan and New Guinean members struggled with the intricacies of Westminster process. The House was often dominated by confusion.¹²⁸ But, rightly or wrongly, the Administration did not regard the House as subservient. Hay later reflected:

Many commentators have seen the House ... as a group ... who were under the thumb of the Administration. I never saw it that way ... the wide latitude that the House had to legislate on almost anything ... made it so difficult for the small number of Official Members who were charged with the responsibility of giving effect to the policies of the Australian Government.¹²⁹

Hay’s attention was drawn not only to constitutional freedoms and the House’s willingness to use them. He was impressed by emotional reactions to perceptions of Government insensitivity, writing in November 1968 that ‘we are in danger of an atmosphere of confrontation building up’.¹³⁰

This view was informed by events in the House since September. In that month, a bill was introduced by a European elected member for a commission of inquiry into the volatile issue of indigenous public servants’ salaries. The bill was opposed by the Administration and defeated—but Hay believed this was partly because the ‘Pangu Pati and [Public Service Association] overplayed their hand by threatening members who voted against the bill with active opposition by public servants at the next election’. Certainly, support for the Administration was not solid. Five holders of ministerial office had absented themselves during the vote, despite an earlier decision by the AEC that it should back the Government position. It also became clear that many members had voted with the Administration only after conservative expatriate members had promised to table an alternative more acceptable to Government. This was done when Walter Lussick put a bill designed to add to the arbitration machinery a mechanism for appeals.

¹²⁶ This paragraph is based on Document 243.

¹²⁷ See, for example, Denoon, *A trial separation*, pp. 57–9.

¹²⁸ See, for example, Document 238.

¹²⁹ Footnote 6, Document 200.

¹³⁰ This reference and the following two paragraphs are taken from editorial note ‘Tensions in the House: the Chatterton and Lussick bills’.

Barnes and Warwick Smith were rigidly against the Lussick bill. Barnes warned that if the bill passed, it would be vetoed because an inability to 'hold the present wage structure ... would mean that the whole economic development programme would fail'. Even a heavily amended Lussick bill would be unacceptable. Warwick Smith told Hay that 'Not only could the local officers' case be re-opened, contrary to the Government's position, but the Public Service Association—and indeed other organisations—would plainly infer that a sufficiently bitter and prolonged campaign will achieve any results they sought'. The Minister and his Secretary ignored Hay's advice that a veto would 'give rise to a crisis with the legislature at a time when the Government has said that it will act in accordance with the wishes of the House'. They were similarly unmoved a fortnight later when he predicted a grave loss of face for the Government and its sympathisers: 'Administration opposition', he telexed, 'would be very serious both for the future of [Lussick's] own pro-Administration group and also for the ministerial system and the House's confidence in it'. The Lussick bill was passed by the House in November amid acerbic criticism of 'the heavy-handedness of Mr. Warwick-Smith and his Department'. The bill was reserved for the Governor-General's consideration.

'The strategy as settled already': Barnes' response to debate on PNG's problems

When Hay wrote his annual retrospective to Barnes in February 1969, his conclusions were less sanguine than they had been a year before. He began by restating his earlier view that 'economic development in the wide sense is the most important thing for the Territory and should continue to receive priority attention'. He also repeated two 'subsidiary conclusions'. The first had been that 'economic progress is bound to be slow and even partial viability many years off'. This he now modified because 'the long term nature of the development process could be changed if C.R.A. is successful in Bougainville'—and, coming closer to the Territories view, he opined that the 'benefits of C.R.A. success to the Territory economy and the size of the Australian taxpayers' commitment are such as to require very special efforts to avoid these benefits being jeopardised by Bougainville seceding'. Hay's second subsidiary conclusion of 1968 had been that 'correct economic policies need public support. A special effort is needed to make development a national task which captures the public imagination'. In this instance, he felt that the Administration had failed. While the Territory economy had grown 'satisfactorily', there was a sense that development was 'only for the whites' and there was a 'lack of understanding of what development is about'. On the expatriate side, there was often insensitivity: 'too few of them are conscious of the need to share in the development task in ways which will help disperse the feelings of resentment which their presence and standard of living engender'. Hay broached a series of measures that would temper 'some of the harshness of the World Bank's report's economic doctrine by allocating resources to areas and activities not strictly justifiable in economic terms'.

On the political front, the Administrator had not changed his view 'that a slow rate of political development is best suited to the Territory's present capability'—there being a 'manifest lack of an indigenous framework—political, administrative and economic—on which to build'.¹³¹ But he identified developments, 'some new, some not, which could lead to pressure before long to force the pace'. Here, his thinking was clearly influenced by the experiences of the previous six months. He pointed to 'feelings of dissatisfaction in a number of districts with the development resources allocated to them' and asserted that

such ‘feelings tend to strengthen long standing tendencies towards fragmentation in the Territory which are in most districts not far below the surface and which in 1968 erupted in East New Britain and Bougainville’. He also wrote of “‘anti-Canberra” feeling in the House’—a sentiment seen as neither novel, nor necessarily the fault of the Government, nor held by ‘responsible persons such as Ministerial Members’. ‘On the other hand’, Hay insisted,

it would be wrong to take it too lightly. In my view the Government and the Administration should exercise great care, in its handling of relations with the House, particularly when there are differences over important matters of policy, to avoid provoking emotional reactions by a lack of sensitivity and flexibility.

Also listed as a possible pressure was the wider issue implicit in the Lussick bill—‘social tensions due to the forced pace of economic development, in particular the differential wage policy’. Beyond this, Hay pointed to younger members of the House ‘who, while feeling their way now, have a background which could cause them to become radical for negative reasons (e.g. anti-European, disillusionment with present system)’ and to the

fact that Papuan and New Guinean leaders, both in politics and the Public Service, have not become identified personally with major policies. The Administrator’s Executive Council and the Government are still ‘they’ and not ‘we’.

Putting these factors together, Hay saw a problem of involvement. ‘In order to contain these pressures’, he suggested, ‘and to regulate the pace of political development, we need ... to involve the people through their leaders to a greater extent, and more visibly, than before in the making and carrying out of major decisions’. He thought this participation would best be secured by more effective implementation of the Government’s policy of sharing decision-making authority with the House. Ways of achieving this included ‘effective consultation in the process of which the Commonwealth is in fact open to influence by Territory elected representatives’; ‘use of the formal “advice” procedure in the Administrator’s Executive Council when policy matters, such as the budget, are under discussion’; and ‘delegation of authority, including financial authority, to Ministerial Members, individually and/or collectively through the A.E.C.’.

Hay contended that moves of this kind carried ‘some risks, in particular the risk of upsetting what you may feel to be the correct balance between sharing the decision making process and maintaining the Commonwealth’s ultimate responsibility’. The area in which this risk was greatest was that ‘of the relations between the Government and the Administration on the one hand and the House of Assembly on the other’. Referring to Barnes’ reaction to the Lussick bill, Hay reiterated and expanded on the strong complaints he had made at the time:

The point that with all respect I feel bound to emphasize is this. There is no question of the legal and constitutional authority of the Commonwealth which in the last resort can be exercised through the reserve powers in the Papua and New Guinea Act. Nor is there any question of the duty of official members in such circumstances. But a great deal depends on the methods used by the Government to get its way in the admittedly difficult situation where in the House the elected Members are in a vast majority. The ideal to be aimed at is that because of prior consultation the elected members find themselves willingly supporting legislation to give effect to basic policy. Indeed this is the only set of circumstances in which the Government’s policies will be carried out successfully. Imposed policies will not succeed. This is why, in this letter, I have given such emphasis to the need for involving elected Members in what the Government is doing. To adopt a take it or leave it attitude on important matters in the House, will, to my mind, do more than anything else to bring about

premature movement towards self-government for emotional reasons ... There has seemed to me to be a danger of the balance between sharing in decision making and retaining the Commonwealth responsibility tilting too much towards the Commonwealth with repercussions that will adversely effect the putting into effect the Government's general policy.

Hay's ideas for increased involvement did not encompass weaker or less visible government on the ground. As Papuans and New Guineans took more control, he foresaw an ongoing need for 'firm government at the centre' so as to execute economic policies and 'forestall a tendency towards fragmentation'.

Replying six months later, Barnes was affable, but he did not engage with Hay's argument in any depth.¹³² He agreed with the need to increase indigenous involvement in economic development, yet he was not anxious about the problem. He thought that, by mid-year, useful steps had been taken in this direction. He also wondered 'whether or not the momentum of the economic development programme should be a charge on the [Administration's] Economic Adviser'—a nebulous suggestion, but one that appears unlikely to have countenanced any notable slowing in the pace of economic growth. To be sure, the proposition was presaged by a statement of inevitability: 'So far as the programme succeeds in accelerating economic development, it will produce or at least increase the problem of native involvement'. On the matter of political change, Barnes' comments followed a similar pattern. He accepted that the factors listed by Hay might force the pace of political development, though he made no comment on Hay's broad claim regarding the necessity of a coordinated campaign to share authority more effectively. He did declare himself 'receptive' to specific proposals on greater consultation with the AEC or individual ministerial representatives—and he noted that Territories would, with the Administration, report on how effectively Ministerial Members were exercising responsibilities in their respective departments. But these remarks did not constitute great changes in practical application—and he was firm on the need to avoid disturbance of current policy settings. He disagreed with Hay's comment that apparent imposition of budget strategy needed to be avoided: 'I prefer to regard the strategy as settled already by the House of Assembly and the Commonwealth Government in the Economic Development Programme and the House of Assembly's endorsement of it'. There was no reason why confrontation should develop with Ministerial Members over the budget and

Your suggestion that the Minister not exercise direction on certain matters of [budgetary] detail ... seems to me to involve greater questions of responsibilities tha[n] your letter suggests. In any case I am not prepared to see a drift into a situation in which the Commonwealth provides two-thirds of funds for the government of the Territory and does not control expenditure.

If Barnes' letter was clear enough in its support of the status quo, it gave few clues to Hay as to the Minister's reasoning. In fact, the letter was a more polite version of advice provided to Barnes by Warwick Smith—advice that remained on the Secretary's personal files, but which said far more about the thinking behind the bland response to Hay's representations.¹³³ Warwick Smith's counsel had two themes. The first was that the official attitude to change was both well-intentioned and rational. The second was that the Administration's suggestions were suspect in motive and dangerous in practice. Warwick Smith's reading of the Administration's motives were similar to those which

¹³² Document 299.

¹³³ Footnote 1, Document 299.

had animated Ballard during the debate over the structure of PNG's ministerial system. He believed that Hay and his colleagues were using arguments for devolution to the AEC as a cloak for taking more power for themselves. Commenting on Hay's suggestion that the Minister renounce control over the minutiae of budgetary matters, Warwick Smith thought Hay should 'spell ... out' his ideas but should not 'think officials can rule the roost'—and he added that the 'danger of [confrontation in the House] is not as great as [the] danger of puppets'. Warwick Smith's draft letter to Hay made the same point, in more veiled terms:

The [AEC] is a useful vehicle for the exercise of collective responsibilities. There is, however, little indication in the papers coming to me of any initiative or positive approach by the Council, and there is always the danger of the Council being too ready to go along with Administration proposals rather than its members thinking out their own positions.

The draft demonstrated that Warwick Smith saw progressive devolution to individual Ministerial Members as a viable way of satisfying indigenous expectations as well as a means of protecting the system from hijacking by ambitious officials:

There must be ample exercise of [MM] authority in the respective departments if the intentions of the system are to be carried out, if the system is not to be discredited, and if necessary pressures for further moves towards self-government (arising out of an ineffective [MM] system) are to be avoided.

Warwick Smith's suspicion of Hay and the Administration drew much of its strength from the perception that Hay was not prepared to accept the constitutional limitations of his office. Writing to Barnes in October 1968, the Secretary remarked:

My impression is that the Administrator is developing a wrong and possibly serious view of his position vis-a-vis the Minister and the Department. He appears to think ... that the devolution of authority to the Territory is to officials there, particularly the Administrator, whereas in our view it is to elected members only ... He seems to consider he should have the power of decision, the Department should only advise or suggest: and the Minister should restrict himself to very broad policy.¹³⁴

Barnes shared Warwick Smith's concerns—and told Hay that 'the Administration officers, including the Administrator himself, were the servants of the Government and had to do exactly what the Government said'.¹³⁵ Yet the suspicions that these sentiments had generated were not obvious to Hay.

One of the reasons why Warwick Smith became increasingly fixated on Hay's view of the constitutional position of the Administrator was that Hay himself drew attention to the issue. Hay was irritated by what he saw as the 'degree of interference ... by the Department in the day to day running of the Administration'¹³⁶—and his exasperation was manifested by a lengthy quarrel with Warwick Smith over the devolution of administrative delegations to the Administration.¹³⁷

It is likely that these feelings had some influence on the shape or strength of Hay's proposals on devolution. Yet the extent of this influence cannot be quantified. Similarly, it is impossible to determine the degree to which distrust of Hay's motives affected the

¹³⁴ Document 233.

¹³⁵ Footnote 4, Document 233.

¹³⁶ Transcript, interview of David Hay by Mel Pratt, 1973–4, National Library of Australia (NLA): TRC 121/65, 2:2/33.

¹³⁷ See, for example, editorial notes on this issue; see index for other documents.

credibility of his advice on the focus and speed of devolution—and conversely confirmed Barnes and Warwick Smith in their views on the wisdom of existing policy. But it seems important to flag these personal factors as part of the equation that produced the formal debate that grew stronger through 1969. This much, at least, is suggested by Hay's later description of his 'three and a half years as Administrator [as] a period of gradually worsening relations between myself and George Warwick Smith, to the point where at the time I returned we were virtually not on speaking terms'.¹³⁸

Problems continue: the border and Bougainville, January–August 1969

The final year covered by this volume was one plagued by internal security dilemmas. The problems of 1968 erupted with new force. On the border, fears over troop violations materialised. In April—against the background of persistent reports of cross border operations¹³⁹—Hay cabled that Indonesian forces had raided a hamlet on the PNG side near Wutung and had fired on and threatened unarmed Territory officials.¹⁴⁰ Barnes was furious and felt 'very strongly that a stiff formal protest should be sent'. He was stymied by DEA officials, who were concerned not to disturb the 'relations of the two governments and to imply doubt about the good faith of the present Indonesian government'. Minister for External Affairs Gordon Freeth was persuaded that a formal protest was undesirable; he remarked that the Indonesians had earlier assured him they would take 'appropriate action' and he believed that low key 'follow up talks' in Djakarta would be enough. Together, Defence and DEA also resisted suggestions by Barnes that units of the PIR be placed at border posts, though Defence agreed to consider 'stepping up PIR patrols in border districts and concentrating them in special areas over the next three months'.¹⁴¹

Problems continued in May. Repeated Indonesian violations were reported from the Imonda area, near Wutung, including one in which seven Irianese were said to have been captured in the Territory and taken back to Irian.¹⁴² There were also worries that armed Irianese dissidents were using the Territory as a base and refuge. It was decided that the best way to contain anti-Indonesian refugees was to give them a choice between Indonesian custody or residence in PNG—the latter to be given in areas remote to the border and on condition that refugees eschew political activities.¹⁴³ On the question of troop violations, Hay proposed low-level liaison between officials in the Territory and Irian.¹⁴⁴ A first meeting took place in June, at which informal arrangements on border management were agreed.¹⁴⁵ By July, border controls were thought to be 'developing adequately' and liaison on the ground became the *modus operandi*¹⁴⁶—despite attempts by Warwick Smith to bring about talks at a higher level.¹⁴⁷ The Australian objective throughout these meetings was to encourage practical observance of the non-interference

138 Transcript, interview of David Hay by Mel Pratt, 1973–4, NLA: TRC 121/65, 2:2/33.

139 See footnote 1, Document 255.

140 Document 264.

141 Document 265.

142 Editorial note 'The border situation, May–June 1969: Government reaction and public opinion'.

143 Document 279.

144 Document 266.

145 Document 285.

146 Documents 297 and 331. Behind closed doors, the Administration had also produced formal border contingency plans. The plans were formulated with the assistance of Territories and Defence (see Document 296).

147 See Documents 278, 282 and footnote 9, Document 297.

principle that had guided policy for a number of years. Australia would not allow or expect intervention—and nor would there be military cooperation.¹⁴⁸

The border problem of 1969 was further complicated by protests in PNG against Indonesia's handling of the Irianese 'Act of Free Choice'. Contrary to Warwick Smith's earlier wishes—which seem to have been superseded by Barnes' and Hay's views on parliamentary freedom¹⁴⁹—in June the House of Assembly passed a resolution which expressed its 'deep concern in regard to the manner in which the forthcoming act of choice is to be conducted, and the possibility that dissatisfaction resulting from it will confront Papua New Guinea with a continuing and increasing border problem'.¹⁵⁰ The House also considered that

whatever the merits of the [Indonesian] method of reaching decisions by consultation and consensus ('bermusjawarah') may be when the participants are free to express their views without the constraint of fear, the current situation in West Irian is such that the only way in which the true wishes of the West Irianese people can now be ascertained is by a properly conducted referendum; [the House] is deeply dismayed that the United Nations, which should be and claims to be the upholder of self-determination, is not prepared to insist on the holding of a genuine act of free choice in West Irian ... recognising that Australia has no legal standing in this matter apart from the fact that it is a member of the United Nations, [the House] requests the Government of the Commonwealth of Australia to transmit the text of this motion to the Secretary-General of the United Nations.

The House's resolution came on the heels of a student march during which Hay was handed a petition that denounced the Act of Free Choice as 'not ... in fact free' and requested the Australian Government to 'either condemn or cease from publicly approving the actions of the Indonesian Government'.¹⁵¹ The students asked that their petition be passed through Barnes to the Prime Minister and thereafter to the United Nations.

Barnes thought the resolution of the House should be conveyed to the United Nations as a matter of course and—wanting to encourage Territorians to address their problems to Australia rather than to the United Nations direct—he argued against Freeth's view that the student request should be refused on the basis that it was neither addressed to the United Nations nor concerned with issues in the Trust Territory.¹⁵² Freeth stood firm on the petition and, while he concurred that the House's resolution should go to the United Nations, he put a number of caveats.¹⁵³ The resolution would be transferred because of the precedent of Czechoslovakia, but he was 'concerned that the House ... should not assume that the Australian Government should automatically transmit communications on foreign affairs to foreign governments or to international organisations' because of the 'possibility that the Government could in future be greatly embarrassed if undesirable resolutions were passed by perhaps say a hostile majority in the House'. Moreover, the current resolution would be communicated with a written disclaimer (one that positively dissociated Australia) and an oral instruction to the UN secretariat that Australia was not asking for circulation of the resolution to member states. Barnes agreed. But after

148 See, for example, footnote 2, Document 297.

149 Document 281.

150 Footnote 14, Document 300.

151 Editorial note 'The border situation, May–June 1969: Government reaction and public opinion'.

152 Document 305.

153 Document 308.

the event—and seemingly influenced by Territories arguments that Australia had no right to prevent the House from either expressing views on foreign affairs or passing them to the United Nations¹⁵⁴—he reviewed his position. Writing to Freeth's successor, he recommended that transmission to the United Nations be accompanied by a neutral disclaimer rather than dissociation.¹⁵⁵ He also commented that while he would encourage the House to send its opinions on foreign affairs to the Government alone, he could 'give no assurance that this view will be acceptable to the House'.

The Act of Free Choice and the border were thorny issues, but for much of the year it was Bougainville that was foremost in the minds of officials. The need to acquire land on the coast for a port site and mine township had generated a new wave of protest. An extended wrangle took place with the European owner of a plantation that had been marked for acquisition—and in the indigenous areas affected, the people were vehemently opposed to loss of agricultural land.¹⁵⁶ Hay wrote that 'It is not expected that any explanation will be acceptable to the native people whose land will be required for the townsite or for other associated purposes'.

This situation prompted Barnes to put to Cabinet a submission on 'National unity and public order'.¹⁵⁷ The submission appears to have represented a development of Barnes' understanding that the copper project held special promises and risks and demanded special attention. The document had more to do with possible future difficulties than it did with pressing issues. Barnes requested establishment of arrangements that would allow the use of the PIR if the police could not manage resistance to the occupation of land or a virulent secession movement—this despite advice from Hay that separatism on the island had not grown since 1968 and that the law and order problem relating to land acquisition was currently 'manageable'. Contradicting his previous line with Hay, Barnes also asked for endorsement of a strong statement against PNG's fragmentation. Ironically, Cabinet was, as Barnes had been, reticent to comment on secession in negative terms.¹⁵⁸ Further, it saw deployment of the PIR 'as carrying wider implications of great significance involving other portfolios'—and the issue was passed to an interdepartmental committee.

Two months later, as negotiations over the plantation were proceeding at glacial speed, the Administration's publicity campaign was not only foundering, but was exacerbating tensions with indigenous landowners.¹⁵⁹ Hay warned that the attitude of the villagers was 'now much firmer' and that the 'likelihood [of] violence ... [is] increasing; due [to] continual visits by politicians, Government officers, etc, people consider their case, presented on each and every occasion, [has been] ignored and tempers are now strained'. The response of Barnes and the Administration was tough. The Minister considered that the development program and the agreement with CRA provided a mandate for implementation of the works schedule. And, morally, he remained sure that the minority should not prevent the flow of benefits to the majority. So, on 22 July, with 'indications that disturbance of some size could possibly develop', Hay was instructed to travel to

154 See Document 315.

155 Document 345.

156 Editorial note 'Bougainville: conflict over coastal land'.

157 Document 268.

158 Document 273.

159 Editorial note 'Bougainville: conflict over coastal land'.

Bougainville to personally take charge of police operations.¹⁶⁰ The flashpoint was the Rorovana area, part of which had been designated for CRA's port site. On 1 August, survey work was interrupted by scuffles between the 70-strong police force and 250 Rorovana people. Five days later, a group of 65 Rorovanas obstructed bulldozers and the police attempted to push them away. Hay described what followed:

The people resisted strongly and outflanked the police in some cases. Many moved towards the dozers. There was a good deal of scuffling with people and police falling over on to the ground ... The area in which this took place was very confined and the ground, newly cleared, was heavy and slippery. The people were very excited at this stage and it was evident that police could not possibly move them without injury, or without injuring them. It was also clear that fighting was about to break out ... To prevent a breach of the peace or injury to the people I ordered that tear smoke should be laid down. A smoke grenade was tossed in front of the people but was not sufficient to move them, so several more were fired ... The police baton wave moved forward again in an attempt to clear the area. No batons were used. Finally after about 20 minutes the smoke had the desired effect and the crowd moved off through the bush.

A short time later, Hay's force was met again by the people:

They were very excited and there was a good deal of shouting and gesticulating. They were again addressed by the District Commissioner and I also spoke to them in the terms that I had done before. The men were in front of the women at this time and moved towards us in an aggressive manner as we approached. Two smoke grenades were fired as the men rushed at the police ... Again using considerable restraint the police lined across the track shoulder to shoulder with shields extended as buffers. After a minute or so it was clear that batons would have to be used and I ordered that the police strike at legs only which they did from under their shields ... After a very short while, [Rorovana leader] Raphael Bele sang out and the people moved back. I was told later that one of the Rorovanas had received a very small laceration to his leg when he slipped over and as the people considered that blood had been drawn, and this was what they wanted, they retired. As they did so, all of them shouted and waved with clenched fists at the police.

The Rorovana incidents triggered a furore in the Australian press.¹⁶¹ During August, there was a plethora of articles and editorials on Bougainville, many of which mirrored an editorial in the *Age* which spoke of the 'island tragedy' and the 'wave of revulsion throughout this country and the world'. There were also graphic images—including an evocative one which showed a bare-breasted woman struggling with a policeman.¹⁶²

Contrary to expectations, early agreement was reached between CRA and the people of Rorovana. But the media outcry had important consequences for Australian policy. Above all, it piqued the interest of Prime Minister John Gorton—as illustrated by a phone call to Barnes on 8 August in which he asked for daily situation reports on Bougainville. Gorton had previously paid scant attention to PNG.¹⁶³ Now, as the Labor Party picked up the issue

160 Document 307.

161 Following two paragraphs, unless otherwise stated, are taken from editorial note 'Bougainville: reaction to Rorovana'.

162 Public perceptions are difficult to assess. As Denoon notes, public protest was insignificant (*Getting under the skin: the Bougainville Copper Agreement and the creation of the Panguna mine*, Melbourne, 2000, pp. 127–8).

163 As attested by his reluctance to have Cabinet consider the question of the size of the PIR (footnote 1, Document 221)—an issue considered important enough by Territories and the Army to justify animated ministerial exchanges over a number of years (see above). Gorton's biographer, Ian Hancock, has suggested the Prime Minister made an important intervention in PNG policy when he had the Governor-General

in parliament, he began to suspect that the Territory could become an axe in the hands of the Opposition.

Tumult in the Gazelle, September–December 1969

By the time of the Rorovana affair, the Administration had another major problem on its hands—instability among the Tolai people of the Gazelle Peninsula. Unlike Bougainville, this had not been anticipated early in the year. At that juncture, the fading of the secessionist party of 1968 was thought to indicate a diminishing threat. Speaking in January to Barnes and Warwick Smith, Hay said that ‘the secession movement in New Britain was not at this stage at any rate to be taken too seriously but in Bougainville [it] was a real matter for concern’.¹⁶⁴ It had been an unpleasant surprise, then, when an angry campaign against the Government gathered momentum mid year. The focus of this movement was an Administration decision to enlarge the area covered by the Peninsula council, the effect of which was to bring in expatriates and also villages with a history of opposition to the council. This decision was taken on the recommendation of the existing council and with the endorsement of the AEC.¹⁶⁵ In May, the council resolved to have the proclamation for the multi-racial council (MRC) rescinded and elections for it postponed, but Hay rejected the request because he believed it was made under ‘intense pressure’ from the anti-council lobby.¹⁶⁶ The subsequent elections were heavily boycotted.¹⁶⁷

In late August, Hay wrote that the new council was suffering severely from tax avoidance and a boycott of its cocoa business.¹⁶⁸ Physically—and no doubt influenced by the dissenters’ demonstrated ability to muster large crowds¹⁶⁹—he thought the area ‘most insecure and that it could be necessary for me, at very short notice, to request authority to use army units in aid of the civil power’. He also painted a grim picture of the political ramifications of the rise of anti-council forces which had gathered under the banner of an organisation called the Mataungan Association (MA). If the MA contested a re-run of the elections

say in early 1968 that the Territory’s ‘destiny’ was ‘to become a self-governing country developed for independence if and when it is clearly demonstrated by the majority of the indigenous population that this is what they wish’ (*Sir John Gorton: ‘He did it his way’*, Sydney, 2002, p. 288. For Governor-General’s speech, see editorial note ‘Territories: changes to the department and portfolio’). It is difficult to see the Governor-General’s speech as different in substance to numerous Government statements of the past; in 1960, the Governor-General had said that the ‘end of our task will only come with self-government. The form of self-government, the time for it and the relationship of the self-governing state of the future to Australia are matters for the inhabitants to decide for themselves’ (speech by Viscount Dunrossil, 17 October 1960, in *The Territory of Papua and New Guinea: policy statements 1960–1963*, p. 5). Warwick Smith had himself put to the Prime Minister’s Department (PMD) that the speech of 1968 include the line that it was the ‘prerogative’ of the people of the Territory to ‘take independent status if they wish to do so’ (note by unidentified Territories officer to Warwick Smith, 5 March 1968, NAA: A452, 1968/1505). He clearly did not see this as contradicting his earlier instruction to PMD that it was ‘desirable to avoid any possibility of the use of words which might be wrongly interpreted as an announcement of a definite change of policy’ (attachment to letter, Warwick Smith to Sir John Bunting (Secretary, PMD), 20 February 1969, *ibid.*).

164 Document 254.

165 Documents 241 and 245.

166 Document 271.

167 Footnote 4, Document 277.

168 Document 309.

169 A number of mass protests had occurred; see, for example, Document 274 and footnote 2, Document 309.

they may use the Council as a political base from which to seek radical solutions to land problems and probably some form of Tolai autonomy from the rest of the Territory. A new kind of political leader will have emerged, radical, articulate, partially educated, anti-white, tribally motivated and separatist, by no means wedded to western democratic methods—in short, the kind of leader so frequently thrown up in Africa. Such leadership is likely to be intolerant, after some generations when the boot was on the other foot, of the planter and not too interested in economic development. His eyes will be turned elsewhere than to Australia ... This is a sombre prospect.

‘The alternative’, Hay suggested, was ‘to break the Mataungan Association’—an option attended by a number of risks:

This will require aggressive action by the Administration, and a preparedness to risk violence. Strong police reinforcements would be necessary and they will have to be trained for a more sophisticated role than in the past. The inevitable use of police in Rabaul will attract the same kind of attention as did the use of police at Rorovana.

Hay had not finished drafting his letter before he was faced with what he saw as a fulfilment of the predicted physical crisis. On the morning of 1 September, members of the MA took possession of the keys to the council house and prevented staff from entering.¹⁷⁰ By lunch, a ‘definitely unfriendly’ crowd of 400 had gathered at the chambers and the police reported ‘a state of near lawlessness’. The situation eased shortly after but Hay thought ‘serious violence could erupt’ on 3 September, the date set by the Mataungans for a meeting with the council and Tolai members of the House of Assembly. Late in the evening, Hay cabled Territories:

[The] Latest [situation report] indicates some quietening of [the] situation but [it is] probable that [the] proposed meeting [of] Wednesday ... will be in effect [an] occasion to deliver [an] ultimatum to [the] Council (and indirectly to [the] Administration) to declare itself out of existence and [to] hand over to Mataungan leaders. [The] Meeting [is] likely to be backed by large and angry crowds of up to 5000 in [a] mood openly to defy [the] Administration. Lawlessness could erupt involving danger to [the] Council house and surrounding areas and assaults on police. Police reinforcements are being sent ... In [the] meantime Defence should be warned of [the] possibility that [the] situation could after Wednesday get beyond Territory resources to cope with. We hope that at least [a] company of P.I.R. could be put on notice for [a] quick move with [the] primary role of guarding key points.

Hay’s request was transmitted to the Defence Committee on 2 September. The Committee’s views echoed the responses of Cabinet and non-Territories bureaucrats to Barnes’ earlier submission on national unity. The Committee judged that the Administration had provided insufficient information to justify its request and stated that intervention would ‘involve us in a series of risks’—including in the United Nations, ‘with the domestic Australian body politic’ and in PNG itself.¹⁷¹ Declaring itself ‘overwhelmingly against the committing of troops’, the Committee urged Administration officials to ‘be doing everything in their power’ to avoid a situation leading to deployment. Notably, the Committee also insisted that military aid to the civil power required ‘firm decisions by responsible Ministers and the Prime Minister’.

Over the following week, the Administration sent 1,000 police to Rabaul and used them in ostentatious displays of force.¹⁷² Coupled with an intense publicity operation,

¹⁷⁰ Document 310.

¹⁷¹ Document 311.

¹⁷² Footnote 4, Document 314.

the Administration believed this prevented demonstrations and, possibly, violence by the Mataungans.¹⁷³ In the aftermath, a commission of inquiry was established to make recommendations about the structure of the council and to comment more broadly on problems among the Tolai people.¹⁷⁴ Also, the Administration brought to trial the Mataungans involved in the events of 1 September at the council house.

Hay has said that he hoped the commission would suggest alternatives to extant council arrangements.¹⁷⁵ He thought this would have allowed the Administration to seek a compromise without conceding its stand on the rule of law. But the commission's November findings were entirely supportive of the Administration and the current council system. Encouraged by T.W. Ellis, the aggressive Secretary of the Administrator's Department, Hay now reluctantly adopted the line that the MRC had to be strongly supported on an ongoing basis. Territories, on the other hand, wanted to continue both practical remedies and a search for a local political solution.¹⁷⁶

Debate over a plan of action was still occurring when the Mataungans struck.¹⁷⁷ A hurriedly-written Territories note for file described the situation:

On Sunday 7th December two groups of about 100 each of young Tolais associated with the Mataungan Association were going around the Gazelle Peninsula in truck loads attacking members of the Gazelle Council and elderly respected Tolai leaders, four Councillors and one European were admitted to hospital and eight others were treated for minor injuries. The pattern of the attacks demonstrated that there was a premeditated plan for the whereabouts of the various Councillors seemed to be known. Two were dragged from Branch meetings and a road block intersected another Councillor. A punch [was] swung at the Administrator but missed, [an official] who was with the Administrator's party was hit on the back of the head and punched, on this the Administrator's party escaped in the car.¹⁷⁸

Two days later, Hay added:

A serious threat to security has arisen from use by Mataungans of mobile gangs of thugs who beat up Council supporters and threaten their families. They operate by day and by night. Even when not actually operating [the] possibility that they may have dismayed and cowed Council supporters and impressed those who have not declared themselves. Equally serious threats arise from the capacity of the Mataungans to assemble mobs of supporters in Rabaul township and threaten such places as the police barracks and courthouse with mass assault by some thousands of persons in the event of arrest of Mataungan supporters. A similar threat could be mounted against the corrective institution. A further threat arises from the possibility that in some areas the pro Council elements will lose patience and thus resort to violent action. The mood of the Councillors is one of extreme consternation and anger.

Regardless of continued resistance from other departments, Warwick Smith pushed for the call-out issue to go to Cabinet—but he appears to have been prevented when Cabinet rose for the year on 10 December.¹⁷⁹ Meanwhile, the Administration again conducted a

173 Footnotes 5 and 7, Document 314.

174 Editorial note 'Gazelle Peninsula: aftermath of the September incident'.

175 Paragraph based on editorial note 'Gazelle Peninsula: Government responses to the Connolly commission, the Mataungan court case and the land issue'.

176 For background to Territories' efforts on practical matters, see footnote 2, Document 309.

177 Details of the debate can be seen in Documents 333, 336 and 339.

178 Document 340.

179 Footnote 6, Document 341.

massive police operation on the Peninsula—later firmly endorsed by the AEC¹⁸⁰—during which a number of Mataungans were arrested and convicted for assault.¹⁸¹ Consideration was given to a special meeting of the House for the purpose of enacting emergency legislation¹⁸²—though this idea fell away, apparently because of growing confidence that the situation had been controlled.¹⁸³ On the last day of the year, Hay cabled that the Gazelle was ‘quiet’.¹⁸⁴ Yet there were no illusions that the Mataungans had been won over.¹⁸⁵

Standing firm: reactions to further representations by Hay, late 1969

The tensions of 1969 had a significant impact on Hay’s attitude to change in PNG. In September—after Rorovana and the first Gazelle incident—he again made representations to Canberra about the need to obtain greater involvement in government by elected members of the House. But this time he suggested not a sharing but a partial transferral of authority. Speaking to Barnes and Warwick Smith in mid-September, he proposed that the ‘process of bestowing additional responsibility on Ministerial Members ... might be accelerated in two ways’.¹⁸⁶ First, Ministerial Members might ‘take responsibility for their individual Departments instead of sharing it with Departmental Heads’. Second, the Administrator could be ‘placed in a position where he had to take the advice of the Administrator’s Executive Council’—and here Hay was ‘thinking more of the executive decisions that had to be taken from time to time (like sending police to Rabaul) which were more difficult politically for the Australian Government to take than a local government’. These ideas were a clear step ahead of his February views when he had raised the possibility of ‘reviewing the relative authority of Ministerial Members and Departmental Heads with a view to adjustment in favour of the former’—but had thought this should be neglected in favour of giving ‘more attention’ to ‘collective responsibility’, in particular via greater consultation with the AEC.¹⁸⁷

In October, after ‘further reflection’, Hay was bolder again. He recommended that the AEC should collectively assume ‘responsibility for policy decisions in defined fields’, part of which would be ‘to place the Departmental Heads of the Departments concerned firmly under the direction of Ministerial Members on other than management matters’.¹⁸⁸ This, Hay argued, would involve ‘a change of pace’ but not ‘a change of substance in government policy’. He denied that the scheme would be ‘equivalent to the granting of self-government, which is widely held to be premature and which would arouse a good deal of apprehension in rural areas, particularly the Highlands’. Constitutional arrangements would not change, but the ‘Commonwealth would be voluntarily refraining from the actual exercise of its constitutional responsibility in the defined fields’. On the question of timing and publicity, Hay thought changes could be announced by Barnes ‘at

180 Document 350.

181 Documents 341 and 348.

182 A major tax summons program was also planned, but this was derailed upon discovery of a technical error that had rendered the tax law invalid. See Documents 351 and 354.

183 See Document 350 and footnote 3, Document 354.

184 loc. cit.

185 See, for example, discussions between Barnes and MA leader John Kaputin (Document 353).

186 Document 316.

187 Document 259.

188 Document 325.

an early date’—as opposed to being fed into a new Select Committee that had formed in June—because he believed ‘a direct Commonwealth initiative is necessary in order to give quite clearly the impression of Commonwealth willingness to encourage movement towards self-government where that proves desirable, without being forced into it’.

Outlining his rationale, the Administrator was at pains to demonstrate that the problem he identified in early 1969 had remained insoluble:

I emphasize that I have been led to make the proposals in this letter by my concern at the lack of involvement of Papuans and New Guineans, under the present arrangements, in the main policy decisions affecting their future. There has been considerable, and useful, consultation with elected members through the A.E.C. and the House, and the main policies have been endorsed by both. But these procedures have not secured involvement. As I wrote to you in my letter of February, 1969, the government is still ‘they’ and not ‘we’. This consideration, rather than any academic attachment to a particular timing for self-government, has been the dominant one leading these suggestions.

Speaking privately in the 1970s, Hay put more flesh on the thinking behind this letter:

to an overriding extent I was influenced by the fact that here were we making decisions about police movements in Rabaul and Bougainville, which had the formal approval of the AEC, because I had asked for their formal advice ... but they could still go around saying that it wasn’t their responsibility. Certainly the impression that one had, from the public reaction to these events ... was that they were Australian decisions ... in formal terms, they were Australian decisions. I felt that the only way we could escape from this corner would be by some formal arrangement actually fastening on the elected members the responsibility for this kind of decision.¹⁸⁹

Hay added that a secondary factor ‘influencing me at the time ... was the feeling amongst members of the House that there was too much decision-making in Canberra hands and it was about time it came over’. This feeling was close enough to his own frustration with Warwick Smith’s interventionist style to suggest that bureaucratic and personal tensions were continuing to play a role in the debate over constitutional change.

Hay ‘didn’t get much change’ from Barnes, either in a follow-up conversation or when the Minister replied formally in late November.¹⁹⁰ In his letter—probably drafted by Warwick Smith—Barnes defended the practices laid down in 1968:

I do not accept that present possibilities have yet been developed to the point where further devolution of policy responsibility from the Government to the Administrator’s Executive Council would be useful. Ministerial members must have a good deal more experience in exercising responsibility in matters on which decisions are taken by the [Australian] Minister or Cabinet ... A good deal can be done within existing approved arrangements towards increased responsibility within their department and within the Council.

In practical terms, Barnes was prepared to allow Ministerial Members to take more of the decisions made by departmental heads,¹⁹¹ but he would go no further.

A factor in the Barnes – Warwick Smith stance was that Hay should hold the line and not be cowed by disturbances in the Territory.¹⁹² The Minister and his Secretary were convinced that Australia should discharge its duty to facilitate political change by tying movement to

189 loc. cit.

190 Footnote 9, Document 325.

191 This is mentioned specifically in loc. cit.

192 Hay has said that he believes Territories saw his letter as ‘a bit of a change under pressure of circumstances from the general attitude I had adopted ... which was to the effect that a slow rate of progress to self-

conservative estimates of the capacity to govern. To them, this was more than a viewpoint; it was a democratic duty because they saw solid support from the majority for a policy of incremental change. The ‘pace and nature of [political development]’, wrote Warwick Smith, ‘are for the people themselves to decide—the *bulk* of the people’.¹⁹³ At the same time, Barnes and Warwick Smith were not untouched by troubles in the Territory. They were worried by separatist tendencies and signs that members of the House were not fully associated with Australian decisions. Therefore, the key test for Australia was to continue with gradual, balanced development while containing pressures for precipitate change.

The answer proffered by Barnes and Warwick Smith was that the ministerial system should evolve slowly toward full responsibility—and that political zealots should be counteracted by increasing the influence of the conservative majority. These attitudes were plainly exhibited in deliberations on the role of the Select Committee of 1969. A departmental paper for official members of the Committee made much of ‘gaps’ in PNG’s competence for self-government—gaps in revenue, trade, investment, manpower and education—and commented that the ‘Government sees [the] Ministerial membership system as a realistic method of giving elected members a say in executive government which recognises these gaps’.¹⁹⁴ The metamorphosis in the ministerial system would best stay within the constitutional bounds established in 1968, but it was reckoned that the space, if used, was sufficient to secure the involvement of sensible elected members. In *italic typescript*, the paper remarked that

It would be quite contrary to Government policy if a back-lash demand for self-government developed because it was felt that the Ministerial Member system did not give the Ministerial Members the opportunity to exercise adequate functions in the Departments, in the A.E.C. and in the House, which was envisaged by the previous Select Committee and by the Commonwealth when it set up the present arrangements.

Barnes’ view was ‘that there is room for a gradual {evolving of the convention that the advice of the advice of the A.E.C. is accept[ed]}’¹⁹⁵—a position which differed from Hay’s not only in regard to pace, but also in its refusal to concede the practice of intervening in areas under the authority of Ministerial Members. It was ‘important that the Select Committee and the House of Assembly fully understand the basic concept of the Ministerial Member system and its relevance to the present financial arrangements ... The Territory has “representative government” not “responsible government” ... “responsibility” lies in the Minister’s responsibility to the Parliament of the Commonwealth and the Minister is fully responsible for all acts of the Admin[istration]’. In other words, ‘if the general rule was to be that the Administrator would take the advice of the council it would have to be subject to over-ruling by the Minister if the arrangement was to fall short of self-government, which clearly was the present constitutional position (and also clearly the view of the bulk of the people)’.¹⁹⁶

Barnes and Warwick Smith were keen on one constitutional change—the inauguration of a second chamber of parliament. If the ministerial system could be a pressure valve, a second

government was probably in the best interests of the Territory’ (transcript, interview of David Hay by Mel Pratt, 1973–4, NLA: TRC 121/65, 7:1/4).

193 Footnote 1, Document 299. Emphasis in the original.

194 Document 284.

195 Document 349. For explanation of the use of parentheses in this quotation, see ‘editorial practice’ below.

196 Document 316.

chamber could be a counter-balance to radical inclinations in the House. Warwick Smith said the Minister 'wants conservatism injected into [the] situation',¹⁹⁷ a second chamber built on indirect election would reduce 'scope for demagogic people' and would 'help get better considered legislation'.¹⁹⁸ It would 'lead to a predominantly conservative voice in the legislature not swamped by the emotional oratory of young people'.¹⁹⁹ Also, it 'could provide some balancing of regional interests', thus easing separatist difficulties.²⁰⁰

Within the parameters of the Barnes – Warwick Smith position, there is evidence of differences between the two during the last half of 1969. In the light of problems in Bougainville and the Gazelle, Warwick Smith came to share Hay's opinion that elected members be given responsibilities in areas—such as internal security—that had been reserved by the Commonwealth. In December, he said that the 'sooner local politicians start running their own affairs and hence move into reserved areas the better ... It is likely that the local people will be tougher against their own people than we could afford to be'.²⁰¹ Also, Ministerial Members 'must be given experience' so that they could be 'shown that it is not easy'. More broadly, Warwick Smith appeared to see the enlargement of the ministerial system's scope as a subtle way of defeating opposition to Barnes' policy:

[The] Government view is that ineffective government would result from haste, but if people want Australia out it would get out ... Critics see [the] situation as [a] perpetuation of [the] colonial system ... Radicals react to suggestions to go slowly ... [The] Answer is that Government stays while it's wanted but [there] is no reason why [an] imperceptible switch might [not] be pursued as [a] means of beating [the] radicals' campaign.²⁰²

Barnes was more cautious. He preferred instead to begin 'in the social welfare area'.²⁰³ According to Hay, 'Barnes' own view was that when you started handing over powers you should start with areas of government that have less political impact ... before you moved into the area of constitution or security policy'.²⁰⁴ Acknowledgement of the differences between Barnes and Warwick Smith should not be conflated into agreement between Warwick Smith and Hay. In August, Warwick Smith expressed a clearly personal view that the 'Committee should be told [that the] veto [through the Governor-General] is a necessary part of administration'.²⁰⁵ Nor was he advocating a broadening of ministerial areas to the extent that Hay was. In October, Hay had advocated 'further delegation in respect of budgetary implications',²⁰⁶ but Warwick Smith thought Ministerial Members

197 Document 304.

198 Document 342.

199 Document 258.

200 Document 342.

201 loc. cit.

202 Document 304. The word 'not' in the final sentence of the quotation does not appear in the original. Context suggests that this word was accidentally omitted, but the possibility exists that Warwick Smith meant to convey a different meaning to that ascribed above.

203 Document 349.

204 Transcript, interview of David Hay by Mel Pratt, 1973–4, NLA: TRC 121/65, 7:1/4.

205 Document 304. In December, Warwick Smith did float the idea of changing the PNG Act (see Document 342). But the weight of evidence suggests this was a hypothetical statement, rather than an expression of preference.

206 Document 325.

‘must eventually face up to the extent [that] the Department and Minister are involved in the budget’.²⁰⁷

Boiled down, there were still two broadly different positions at the end of 1969. First, Barnes and Warwick Smith maintained that, ultimately, Australia had to retain *de facto* responsibility in all areas—Hay thought it could be given up in some cases. Second, the Territories duo believed that, in day-to-day administration, the Commonwealth must currently keep complete or almost complete responsibility in more areas than did Hay. For now, it was the views of Barnes and Warwick Smith that prevailed.

Overview—Charles Barnes and the heyday of paternalism

The documents in this volume lend themselves to a multitude of questions and hypotheses—bridging a number of disciplines—but their natural focus is the historical relationship between Australia and PNG. And within this context, it is apposite to recognise yet another inherent feature. This volume is not, on its own, a narrative of Papua New Guinean history and Australia’s impact therein. The documents must be seen, in the first place, in a subjective light—as telling a story from a peculiarly Australian viewpoint.

At one level, we are left with a collage of the thoughts and actions of Australians in their role as colonial administrators of PNG. That it was a complex and varied role is testified by the range of events and issues covered in this volume—merely a sample of those found in the files. But at a more fundamental level, the documents say something of how the Australian Government saw itself; of how the Government saw PNG; and of how the Government saw the relationship between the two.

Here, paternalism was the underlying factor in Australian policy between 1966 and 1969. Charles Barnes was attracted to explicitly familial language—and his actions showed that he lived by it. In his eyes, Australia was to be a balanced parent—generous, firm and patient. Papua and New Guinea he saw as a child—at times unweaned, at others learning to walk, and sometimes a reckless and immature adolescent. Whatever may be thought of them, these are the concepts that make sense of Barnes’ tenure as Minister for Territories.

The most striking manifestations of paternalism—and the keynotes of the Barnes period—were twofold. First, the Government’s colonial policies were idealistic. Warwick Smith wrote that the programs of ‘political education and of accelerated economic development’ were aimed at ‘self-help and greater self-reliance’—and he categorically (if defensively) identified them as ‘paternalistic’.²⁰⁸ Such declarations of Australia’s commitment and sincerity were not mere rhetoric. The Commonwealth’s expenditure in the Territory increased at a time when assessments of the island’s strategic importance were declining—and the economic and international returns were negative. As Hay wrote in 1968:

Australia’s defence interests are not a primary reason for our continuing to administer the Territory. The Territory is not vital to them. The facilities we enjoy are useful and should be retained, but they are not of overriding importance. Our interests could be equally well served by the continuance, after our responsibility for administration is handed over, of close and friendly relations with the Territory’s government and people ... I do not give weight to other arguments for our continued presence. There is no economic advantage to

207 Document 304.

208 Footnote 1, Document 299.

be derived by the government sufficient to outweigh the heavy expenditure of manpower and monetary resources on our administration. Certainly the economic interests of some thousands of Australian individuals and a small number of companies are involved. But these only marginally affect the Australian economy. Nor is there any advantage to be gained from our continued presence so far as our relations with the international community are concerned. The balance lies heavily in the other direction. We get no thanks internationally except from our closest allies.²⁰⁹

Under Barnes, the Australian Government was not a rapacious coloniser. On the whole, its policy objectives were tilted toward altruism, not cynicism.

The second keynote of Barnes' tenure was its authoritarian bent. Barnes and Warwick Smith thought Australia had to retain the right of intervention—and usually day-to-day direction—in all areas of government in the Territory. Freedom of movement for indigenous leaders had to be tightly limited and to change slowly. To do otherwise was to invite chaos. To them, this was not authoritarianism in the pejorative sense because it did not have a selfish origin or end. Moreover, they saw it as having popular sanction—they were certain of an equally strong belief among Papuans and New Guineans that the Territory was unable to run its own affairs.

Nevertheless, Barnes' authoritarianism was controversial in PNG. The Pangu Pati and a number of academic critics rejected the Hasluck tradition of awaiting broad societal changes and advocated more rapid transferral centred on an indigenous elite. Internally, Hay saw the degree, rather than the principle, of authoritarianism as the problem. The Administrator was increasingly of the view that Barnes' caution was retarding involvement and a sense of responsibility. His vision encompassed a hastening of the process already in train, but it foundered on the suspicions and convictions held in Canberra.²¹⁰

Against the sweep of Australian colonial rule in PNG, the Barnes period represented the climax of an era, beginning after the Second World War, when Australia increasingly defined its role as that of nation builder. Before that point, defence strategy was almost the sole concern. In the 1970s, Australian party politics and international considerations took over as the colonial relationship was rapidly terminated. Germinating slowly after 1945, and blooming briefly in the late 1960s, the third way died quickly. The day of paternalism had been brief. But it was unique.

Editorial practice

As is the practice for all volumes in the series *Documents on Australian foreign policy* (DAFP), the editor of *Australia and Papua New Guinea 1966–1969* has operated with full editorial independence. The manuscript has been examined by a Committee of Final Review, comprising the Minister for Foreign Affairs and representatives of the Prime Minister and Leader of the Opposition. The Committee's approval signifies their satisfaction that the material has been selected and edited according to appropriate scholarly and bipartisan practice, and that the volume is a representative selection of documents. The Committee of Final Review approved publication of the volume.²¹¹

209 Document 155.

210 For a more detailed discussion of the idealism and authoritarianism of the Barnes era, see Stuart Doran, 'Wanting and knowing best: motive and method in Australia's governance of PNG, 1966–69', *The Journal of Pacific History*, vol. 40, no. 3, December 2005, pp. 311–21.

211 See title page for an outline of the processes intended to protect the integrity of the series.

Every effort has been made to ensure that the text is faithfully reproduced. In order to make use of as many documents as possible, extracts have been published of documents that are lengthy or cover extraneous topics. The words *matter omitted* indicate the omission of one or more paragraphs for reasons of relevance, comparative importance, or length. In some of these cases, where the editor considered it helpful for a full appreciation of the document, a footnote summarises or indicates the nature of the material omitted. Editorial omissions of less than one paragraph are indicated by an ellipsis.

Neither ellipses nor the words *matter omitted* are used in lieu of the words *matter expunged*. The latter refers to material that has been withheld from public access in accordance with provisions of the Archives Act. This material is clearly marked as such when it occurs within a section judged by the editor to be worthy of publication. Responsibility for decisions on declassification do not rest with the editors of the series DAFP.

Changes to documents other than minor corrections to spelling or punctuation are shown by placing editorial inserts in square parentheses. Care is taken to ensure that these amendments do not alter sense; annotations are used when precise meaning is in doubt. Contemporaneous handwritten additions to the original documents are shown by the use of brace brackets. Layout and presentation have been standardised for print, but the substance of original paragraph and heading formats is preserved as far as possible.

Special effort has been made to maximise the utility of this volume as a research tool. For the first time in the series, file citations have been given for extra material provided in footnotes and editorial notes. Style for the citation of primary documents is as follows: ‘ibid.’ refers to the same file as cited above; ‘loc. cit.’ denotes the same document and same file as given above; bracketed citations do not include details that have been included earlier in the footnote; and ellipses in footnotes and editorial notes may (unlike ellipses in the documents) indicate more than one paragraph omitted. Similarly, square bracketed inserts in footnotes and editorial notes may represent either editorial additions or—as distinct from the use of square parentheses in the documents—the abridgement of primary material.

The spelling of names in footnotes and editorial notes emulates historical rather than current practice—hence ‘Djakarta’ as opposed to ‘Jakarta’, and so on. Use of the acronym ‘PNG’ is shorthand for 1960s usage—‘P/NG’ (or ‘P&NG’)—which accounted for the different legal status of the two territories.

Types of documentation

The majority of documents cited in this volume are taken from Department of Territories/ External Territories files. The most common forms of Territories documentation were minutes, ministerial submissions, memoranda, letters, notes of discussion (an editorial label) and telexes. With the exception of the last two, these are described in Appendix III of *Documents on Australian foreign policy: Australia and the Indonesian incorporation of Portuguese Timor 1974–1976*. Telexes—known more formally as teleprinter messages—were used to pass information to and from Territories in Canberra and the Administration’s headquarters in Port Moresby. Telexes were usually numbered and dated and had either a personal or institutional addressor and addressee. Telexes are to be distinguished from cablegrams, which were sent through the Department of External Affairs to and from

Australia's posts around the world.²¹² Notes of discussion are essentially informal records of conversation and were used often in Territories, where note-taking conventions were less established than they were in DEA.

For descriptions of records generated or controlled by other agencies, such as Defence Committee minutes or Cabinet submissions, see the website of the National Archives of Australia.

The focus of DAFP is previously classified Government documentation, but a small number of public documents have been included in this volume. These have been selected because of historical significance and relative lack of accessibility. The Administration white paper on Bougainville (Document 286) was chosen because it is the most comprehensive official summary of the mining project up to 1969.

Acknowledgements

A number of people both inside and outside the department assisted in production of this volume. Colin McDonald did a first phase of archival research. Sir David Hay CBE DSO provided access to his invaluable oral memoirs and private papers. He allowed full use of this material barring one minor excision. Alan Kerr assisted with biographical details of former Territories officers. Ron May answered a question about Henry ToRobert. Hank Nelson and Jeremy Hearder made useful comments on the introduction. Jeremy Hearder also read over the editorial notes. Staff of the National Archives (both in Canberra and at Chester Hill) were always obliging—and special thanks goes to Yvonne Wise; her service was outstanding. At Wilton Hanford Hanover, typists were Gaia Puleston, Jessica Giovanelli, Charmaine Petie and Jaime Rankin; proofreading was done by Les Brown, Evan Hanford, Helen Hanford, Jessica Giovanelli and Jane Ryan; Robyn Leason and Kornelia Kaczmarek were responsible for page make-up; Andrew Bairnsfather worked on the photos; and the project manager was Virginia Wilton. The indexer was Michael Harrington and the cover was designed by Anne Wakefield. The maps were drawn by Laurie Whiddon of Map Illustrations. In the department, Ian Wille cleared some of the research material and Ian Brown examined the manuscript. In Port Moresby, David Lewis, Dominic Kakas and Jenny Max of the Australian High Commission chased up research queries. They were helped in this by the Papua New Guinea National Archives and the *Papua New Guinea Post-Courier*—the last of which kindly gave permission for use of most of the photographs which appear in this volume. (The *Post-Courier* holds copyright for the *South Pacific Post*.) Karen Rule was good enough to provide a photo of her father, George Warwick Smith.

STUART DORAN

212 To help avoid confusion between telexes and cablegrams, institutional ascriptions are provided in citations rather than simple geographical terms such as 'Canberra'. Added detail has also been provided in citations of memoranda, where the signatory's name is placed in brackets. Citation of the head of institution is, on occasion, used as a default form where the editor was uncertain of a delegate's identity.

Documents

Papua and New Guinea's constitution and ultimate status: debate in Port Moresby and Canberra

During the January 1965 session of the Territory's House of Assembly, John Guise, Member of the House of Assembly (MHA) for Milne Bay open electorate,¹ announced that the elected members had decided to prepare a draft constitution for Papua and New Guinea (PNG) and, to this end, that a constitutional committee or convention would be established.² Guise made clear that his colleagues were not seeking immediate independence.

A month later, Guise developed the concept further: he would move shortly to form a Select Committee 'to consider ways and means of preparing and presenting and to draft for the consideration of the House ... a set of constitutional proposals to serve as a guide for future constitutional development in the Territory'. The Committee would report to the House intermittently before presenting a final report at or before the House's second last meeting.

Officials regarded Guise's idea warily. The Department of Territories wrote that Canberra's attitude would depend on whether the Committee would seek to examine interim arrangements or would draft a complete constitution. It continued: 'The formation of a committee which would have power to draft a constitution which could be taken as setting out the views of the people on the final constitutional arrangements when self-government or independence is attained, would be dangerous and could pose difficult questions for the Government'.

The Committee was formed on 19 May and was requested to 'draft for the consideration of [the] House a set of constitutional proposals to serve as a guide for future constitutional development in the Territory'.³ The new body consisted of seven MHAs and three official members.⁴ Guise was elected chairman.

Shortly before this event, Minister for Territories Charles Barnes had written a strong letter to PNG's Administrator, Sir Donald Cleland, stressing that it was 'necessary that [public] reference be made by me in advance of action so that I have the opportunity of determining the subsequent course of events'.⁵ More specifically, his objective was to

avoid a situation in which actions which ... [speed] up political development are considered without reference to social and economic progress in the Territory. The soundest result ... would be one which, as far as possible, linked the stages of constitutional development in the Territory with appropriate stages of social and economic advancement.

A preliminary reply along these lines was conveyed to the House by its senior Government member, John Gunther.⁶

1 For a summary of the electoral system at this time, see introduction. Guise was also Under-Secretary for the Department of Information and Extension Services (DIES). For an explanation of the Under-Secretary system, see Document 17.

2 Paragraphs 1–3 based on an anonymous, undated paper entitled 'Constitutional Committee', National Archives of Australia (NAA): A452, 1965/3192.

3 See interim report of Select Committee, 26 November 1965, *ibid*.

4 *South Pacific Post*, 21 May 1965, National Library of Australia (NLA): NX 342. Official members were unelected, Government-appointed members of the House.

5 Letter, Barnes to Cleland, 13 May 1965, NAA: A452, 1965/3192.

6 *House of Assembly debates*, 19 May 1965, NLA: Nq. 328.952 PAP, p. 660.

Cleland proffered his views in July. He agreed that the Government 'should be ahead of any demand for constitutional changes' and proposed that a statement—resulting from careful Cabinet consideration—be made in early 1966.⁷ As to the mode of communication, the Administrator called for a degree of finesse:

I think it is imperative that the Government should not say to the House—we propose to do this or that; rather it should be a statement seeking the advice of the House of Assembly as to whether or not certain alterations should be made.

Cleland concluded with the pointed remark that any statement and Cabinet submission 'should be done with the closest collaboration between the Department and the Administration'.

The Secretary of Territories, George Warwick Smith, subsequently arranged for preparation of a Cabinet submission that would explain developments and recommend interim constitutional changes—and would foreshadow a submission on 'the ultimate constitutional status of the Territory'.⁸ He also evinced the ongoing preoccupation in Territories with containment, writing of 'the necessity ... for the Minister to keep control of the Administration's activities in the constitutional field ... such control is of fundamental importance'.⁹

Control proved difficult. Guise had circulated throughout the Territory a paper calling for suggestions for a national name, flag, emblem and anthem,¹⁰ and in late October it became clear that the Committee wanted to 'consider the ultimate form of constitution for the Territory'; 'transitional needs would be determined in the light of these discussions'.¹¹ John Ballard, Assistant Secretary of Territories' Government Branch, reacted with alarm:

7 Paper by Cleland, 8 July 1965, NAA: A452, 1965/3192.

8 See minute, Warwick Smith to R.S. Swift (First Assistant Secretary, Government and Social Division, Department of Territories (DOT)), 19 September 1965, *ibid.*, and submission, Warwick Smith to Barnes, 21 September 1965, NAA: A452, 1970/3769. Warwick Smith proposed that the submission on ultimate status be prepared with the aid of the departments of External Affairs, Defence, Prime Minister and Attorney-General. For Barnes' endorsement of Warwick Smith's recommendations, see minute, Barnes to Warwick Smith, 22 September 1965, *ibid.* Warwick Smith had asked as early as April for an intra-departmental paper on ultimate status (see minute, Swift to J.O. Ballard (Assistant Secretary, Government Branch, DOT), 14 April 1965, *ibid.*). For Territories draft papers on this issue, see Ballard to Swift, 3 May 1965, NAA: A452, 1965/3353; anonymous paper entitled 'Ultimate Status', 22 November 1965, *ibid.*; and anonymous paper entitled 'Problems of Permanent Association', 13 December 1965, *ibid.*

9 Minute, Warwick Smith to Swift, 19 September 1965, NAA: A452, 1965/3192.

10 See undated circular by Guise, NAA: A452, 1970/3769.

11 Minute, Ballard to Warwick Smith, 28 October 1965, NAA: A452, 1965/3192. The Department was of course watching the Committee carefully from the outset. When the Administration telexed the Committee's agenda for 22 October with the comment that 'no policy matters [are] being discussed' (telex 919, undated, *ibid.*), Canberra replied urgently that 'the Minister would not wish to be unduly concerned about matters which would in actual practice be innocuous' but 'neither ... would he wish to see the situation arise later in which the Committee would be taking a line which was unacceptable to the Government and which at the early stages could have been avoided ... The Minister sees in the talks that take place in the Committee an opportunity to generate a situation in which the elected members would be conscious of the limits to which the Government could go and avoiding a position in which they drift into decisions calling for much more rapid constitutional advance—for example, independence—than they really wanted' (telex 288/2733, DOT to Cleland, J.T. Gunther (Assistant Administrator (Services); official member, Select Committee), L.W. Johnson (official member of the House and Select Committee; Director of Education, PNG) and W.W. Watkins (official member of the House and Select Committee; Secretary for Law, PNG), 22 October 1965, *ibid.*).

*The problems which the committee has listed, in my opinion, are based upon a preconceived acceptance of the position that the Territory will ultimately be independent and separate from Australia ... I believe this approach to be wholly wrong and dangerous. Until we get a Cabinet decision on long term arrangements, which may take some time as th[is] cannot be done without consultation with other Departments, we cannot ask the Minister to direct the official members to press for constitutional association with Australia ... I consider that the official members should suggest that the Select Committee should direct its attention to a form of constitution under a self-governing situation and the interim steps to reach this stage. They should argue that the question of future association, and the form of that association, should be settled in consultation with the Australian Government at the stage of internal self-government ... I also suggest that the official members should be expressly directed not to take part in discussion of a constitution on a basis of an independent and separate Papua and New Guinea.*¹²

The anxiety of Ballard and his colleagues would perhaps have increased in mid-November with news that Guise had placed on the Committee's agenda the 'Possibility of [a] conference with [the] Australian Government's representatives to ascertain [the] ... Government's views'.¹³ At the following Committee meeting—and apparently prompted by the official members¹⁴—the Committee judged that neither it nor the Australian Government was currently 'in a position to discuss constitutional development at a conference'.¹⁵ However, the Committee indicated that this decision provided for nothing more than a brief moratorium:

The Committee considers that the first thing to explore is the possible future relationship Papua/New Guinea may have with Australia. The Committee seeks a conference with representatives of the Australian Government to explore the range of relationships it may be considering so that the range of possibilities may be presented to the people.

Three days later, the Committee affirmed that it would, after its January meeting, seek 'top level talks'. Some members expressed themselves 'very strongly in saying that these talks should be with ministerial representatives of the Australian Government and not just public servants'.¹⁶

On 26 November, the Committee tabled an interim report in the House in which it referred to its 'extremely wide terms of reference' and reiterated the desire for discussions with the Government before placing a range of final alternatives before the people.¹⁷ The report also revealed that the Committee had drawn back from its original intention to consider

12 loc. cit. The United Nations Trusteeship Council had effectively reinforced Canberra's desire for a focus on interim arrangements by a resolution of June which called on the Select Committee to consider questions such as extension of the powers of the House and the number and size of electorates. Among the former was the idea of a ministerial cabinet in which indigenes would hold positions of responsibility. The Council believed that the 'next step in constitutional development is to bridge the gap between a fully representative Parliament and fully responsible Government' (see submission, Warwick Smith to Barnes, 22 September 1965, NAA: A452, 1970/3769, Document 5 and *Yearbook of the United Nations* 1965, New York, 1967, p. 536).

13 Minute, Swift to Warwick Smith, 16 November 1965, NAA: A452, 1965/3192.

14 Prior to the meeting, the official members proposed to 'point out that it would be premature to seek a conference with the Australian Government's representatives until the members of the Committee are clearer in their own minds on which way they want to go' (loc. cit).

15 Record of Select Committee meeting, 22 November 1965, anonymous, ibid.

16 Record of Select Committee meeting, 25 November 1965, ibid. In the associated cover note of 30 November, Cleland wrote to Warwick Smith that he was satisfied the call for talks at Ministerial level 'does exist very strongly amongst the majority of the elected members on the Committee'.

17 Interim report of Select Committee, 26 November 1965, ibid.

provisional changes after long-term decisions. But the concession did not indicate that the Committee now shared the Government's view that the medium-term should be the priority; the compromise was prompted by a statutory 'time factor'—that of looking to implement changes before the 1968 House elections.

In preparation for the Committee's formal request for discussions, Territories prepared a draft brief for the Committee's official members.¹⁸ The document outlined a long series of objections to the direction taken by the Committee: *inter alia*—it was 'over-simplifying the situation to state that ... future status ... is a matter solely for the Territory people' because the Australian Government had to make the 'final decision', the Australian Parliament would have to ratify it and the electorate accept it if it involved any form of association with Australia; there seemed 'no support for the view that the people will wish to manage their own affairs at an early date'; recommendations by the Committee in 1967 would 'bring pressure on the people to determine their future without delay'; it was questionable 'whether the majority of the people have advanced to a stage where they can understand the disadvantages and advantages of the alternatives available'; there was 'no advantage in deciding now what the ultimate status of the Territory should be, when that decision is influenced by present factors which are subject to radical change within a few years'; 'an attempt ... to pre-judge' ultimate status would make balanced development difficult because 'External and internal pressures would mount to force the people into asking for rapid political change'; it was debatable whether the Committee was sufficiently representative to consider long-term plans; and the Committee's timetable 'attempts to compress too much within a comparatively short time'. It followed that the official members were asked to encourage a revision of the Committee's line. In particular, they were to 'attempt to get the thinking of other members back on to the concept of the Committee looking at principles which should be included in the constitution at the stage of self-government'.

The Administration responded a week later. Gunther, who had already been irritated by Canberra's constant supervision of the Committee process,¹⁹ fired a warning shot in a cover note, stating his 'hope [that] you are not deliberately putting yourself on a "collision course" which can only cause wide damage, including damage to Australia in the Territory and internationally'.²⁰ The official members acknowledged that the Commonwealth had not commented explicitly on the ultimate status of PNG, but pointed out that 'for some considerable time the Government has by its public statements indicated that self-determination by the peoples of the Territory was a matter for them and that this

18 Draft official members' brief, 31 December 1965, *ibid*.

19 In a letter to Ballard of 21 October, Gunther referred to a telephone conversation of the 20th in which he had been 'petulant' and 'bad tempered', in part because Ballard had 'reminded [him] that the Australian Government had an interest in constitutional changes in the Territory'. 'Naturally', he wrote, 'I was fully conscious of this ... I can assure you ... that I have never done anything other than put the Australian Government's position and that of the Minister to the forefront. I sometimes have the feeling that those of you who have come fairly late on the Territory scene seem to think that we are not conscious of the Australian Government or the Minister's situation; indeed, nobody could serve Hasluck without being constantly made aware of this' (*ibid*.).

20 Letter, Gunther to Warwick Smith, 7 January 1966, *ibid*.

right could be exercised at any time'.²¹ Moreover, while Barnes had emphasised that the people said they did not want independence for 'many years', the Members remarked that 'this qualification will not prevent the Select Committee from feeling that it must investigate matters of final status now, this despite ... [our] views'. Rather, it was for the Government, if it thought the people were not yet ready, to make a policy statement that 'for the moment there is a more limited objective, for example, self-government'. This would leave the official members in 'a much stronger position', although there was 'no guarantee that the Committee will accept the limitation'.

In their concluding observations, the officials noted that 'some "ultimate status" questions have already become public issues and will be hard to avoid'. The possibility of statehood within the Australian federation and the different citizenship status of Papuans and New Guineans were matters on which the Government would 'have to indicate policy'.²² The official members considered that immigration problems presented 'a real stumbling block to defining future possibilities and these issues will not disappear merely by refusing to acknowledge their present relevance'.

Warwick Smith's rejoinder proposed a number of changes to the brief²³ and highlighted that discretion had been granted to the official members.²⁴ He added that 'the object of the draft brief is not to limit the activities of the Committee but to lead them to the view that they should for various practical reasons soft-pedal the question of ultimate status' and pursue issues associated with interim constitutional change leading to self-government.²⁵

Meanwhile, as it was engaging the Administration over the direction of the Committee, the Department had prepared a Cabinet Submission on constitutional change.²⁶ This did not go to Cabinet before the end of 1965 as expected,²⁷ but it was decided nonetheless that Barnes would speak to the Committee in Port Moresby during January 1966.

21 Letter, Watkins, J.K. McCarthy (Director of District Administration, PNG; official member, Select Committee) and R.F.R. Scragg (Director of Public Health, PNG; official member, Select Committee) to Gunther, 6 January 1966, *ibid.*

22 In legal terms, Papuans were Australian citizens and New Guineans were Australian protected persons. Commenting on the citizenship question, Ballard had earlier written that 'one of the main issues which members of the House are going to put before the Select Committee is the basic rights of citizenship enjoyed by Papuans. There has been some reaction against John Guise's general approach because he has in fact suggested that Papua should join with New Guinea and become a separate independent country. Papuans are showing some signs of being reluctant to give up their Australian citizenship and at the same time want to know what it amounts to, particularly in relation to entry into Australia' (minute, Ballard to C.E. Reseigh (Assistant Secretary, Social and General Services Branch, DOT), 7 October 1965, *ibid.*).

23 Telex 263/48, Warwick Smith to Gunther, 12 January 1966, *ibid.*

24 Telex 263/50, Warwick Smith to Gunther, 12 January 1966, *ibid.*

25 *loc. cit.*

26 See draft Cabinet submission 'Papua and New Guinea—Constitutional Development', 7 December 1965, NAA: A452, 1970/3769.

27 See minute, C.G. Woodard (Acting Head, Americas and South Pacific Section, Department of External Affairs (DEA)) to M.R. Booker (First Assistant Secretary, Division 2, DEA), 14 December 1965, NAA: A1838, 936/5 part 6.

1 BRIEF BY DOT FOR BARNES

Canberra, undated

Papua and New Guinea—Select Committee on Constitutional Development

NOTES FOR MINISTER'S DISCUSSION WITH COMMITTEE AT PORT MORESBY ON 17
JANUARY 1966

Situation

The Select Committee will meet on 17th–19th January to sort out views and points which the Committee desires to discuss on an exploratory basis with the Government and also what transitional provisions they may wish to raise.

Brief to official members

2. The brief to official members is that they should raise in the Committee the implications involved in recommendations from the Committee as to the ultimate status of the Territory; and the difficulties involved in considering long-term constitutional arrangements at this stage of development. This is to prepare the ground for your meeting with the Committee.

3. Official members have also been asked to use their influence in persuading the Committee to defer any decision to approach the Government on possible special arrangements between Australia and Papua and New Guinea until after the discussions with you.

Minister's discussions with Committee

A. RECOMMENDATIONS ON ULTIMATE STATUS

4. It is suggested that your opening approach on the question of the Committee considering and making recommendations as to the ultimate status of the Territory be on the following lines—

(i) The Committee appears to have concluded that it should approach the Government so as to avoid a situation in which it raised false expectations by inviting the people's views on possible outcomes for the Territory which involved Australia in a way unacceptable to the Australian Government.

(ii) This shows a responsibility which should not be discouraged.

(iii) The view that the Committee cannot usefully help about constitutional matters unless it first finds out the people's views on fundamental questions such as whether Papua wishes to join with New Guinea is understandable.

(iv) On the other hand, debates in the House of Assembly, as well as indications from various gatherings of the people (e.g. Administrator's tour of Southern Highlands) suggest that the predominant opinion is that self-government or independence ought to be deferred for a long time.

(v) This raises the question whether it is of value for the Committee to attempt to discover present attitudes towards the ultimate outcome at this time.

- (vi) Any opinions expressed now will not be the determining ones—those held at the time of self-determination are the opinions that will determine the outcome. This applies to opinion at the Australian as well as the Territory end.
- (vii) There are very important questions involved for people in deciding what their ultimate future should be. There is more involved than being able to put to them the alternatives to sovereign independence which the Australian Government, at this stage, might consider acceptable. The people must be capable of understanding the advantages and disadvantages of each alternative if they are to make a proper choice.
- (viii) Factors which now might influence the people into one way of thinking will change over the years before a decision on ultimate status must be made. A choice made in the present situation of the Territory might commit the people to a particular line of development which they may not have wanted to take if a decision had been left to a later date.
- (ix) The Committee's activities over choosing a name, flag, and anthem for the Territory have aroused considerable concern among the people. If the people were asked to choose what their ultimate status should be at this stage, emotions and conflicts would be aroused and this would have an adverse effect on development generally.
- (x) A decision of the House of Assembly as to long-term constitutional development would lead to pressure on the people for advancing the rate of political development. This pressure which would be internal as well as external would be difficult for them to resist. At the same time undue haste in determining their future is contrary to the views of the overwhelming majority of the people.
- (xi) Evolving a constitution is a matter requiring a great deal of consideration. It is too easy to simply study developments of other emergent countries and apply the results of that study to Papua and New Guinea or any other country. The most important thing is to have a constitution which has been designed to meet the needs and circumstances of a particular people and country. The needs and circumstances are necessarily those of the country at the time the constitution is drafted.
5. It might be put to the Committee therefore that—
- (a) Despite the apparent need to look at fundamental issues first, the validity of basing the course of constitutional development on opinions expressed now about what the outcome should be is extremely questionable;
- (b) the Committee should also look at the desirability and practicability of asking the people, at this stage of development, for their views on the ultimate status of the Territory;
- (c) if the Government were asked to discuss possible forms of association between Papua and New Guinea and Australia, the Government, which has the responsibility for the government of the Territory, might quite possibly wish to discuss with the Committee the question of whether this sort of issue should be raised with the people at this stage;
- (d) there are definite indications that the majority of the people would be disturbed if they were asked to make a judgement now on what their future should be. There is always the major consideration of timing when raising constitutional questions

anywhere. If the climate of the electorate is against considering questions of future status of the Territory at this stage, then the Committee should consider whether these questions should be deferred until the people have had more experience in government.

(c) There is a great deal of work which the Committee should do even if it decided that the question of ultimate status of the Territory should be deferred. The Committee could—

- (i) enquire into interim changes;
- (ii) give its views on the pre-requisites to self-government: what is involved in the various forms of Government, and possible ways in which a constitution can be determined (e.g. by a constitutional convention);
- (iii) examine and recommend principles which might be included in the constitution, without going into the broader question of what the form of constitutional arrangements might be;
- (iv) suggesting ways in which the work which the Committee has started might be carried on in later years.

B. INTERIM PROPOSALS FOR CHANGES

6. Any questions regarding the Government's views on possible interim changes might be answered by referring to the principles within which proposals for changes short of self-government should operate as set out in the Cabinet Submission on interim changes.¹ In the absence of Cabinet consideration of this question, your answer might be put in the form that in view of the Commonwealth's responsibilities in the Territory at this stage of development, it might be expected that any proposals would have to be in harmony with the following principles, to be acceptable—

- (i) though the Commonwealth would progressively devolve its authority, in practice it would, short of self-government, retain final responsibility in the same sense that it remains accountable for the administration of the Territory; and the Minister would retain the right to direct policy or to question any action;
- (ii) this devolution would not apply in relation to certain 'reserved' subjects—internal security, external affairs, defence, constitutional advance, law and information;
- (iii) the need for a reasonable pace of constitutional development has to be balanced with the difficulty of maintaining standards of administration; progress needs to be evolutionary and educational but cannot await the availability of persons with full capacity to operate at normal standards of developed countries;
- (iv) the extreme economic dependence of the Territory and the fact that a substantial part of the Budget is met by Australia must be recognised; in these circumstances the Commonwealth must determine the strategy of the Budget;
- (v) the Commonwealth Government's control over the conditions of service of the Australian members of the Territory public service must be preserved; and
- (vi) the final constitutional pattern for self-governing territory should not be unduly determined by the interim arrangements.

¹ Document 5.

General

7. It is considered that the Committee should be given every encouragement to seek discussions with the Government even if these do not involve seeking the Government's view on possible forms of relationships with Australia in the long term. These discussions, which might only be exploratory in the first instance, will enable the Government and the Committee to understand each other's views. The discussions might usefully cover all matters referred to in paragraph 5 (e) above if the Committee wishes to raise them.

[NAA: A452, 1965/3192]

2 MINUTE, DAVIS¹ TO PLIMSOLL²

Canberra, 11 January 1966

SECRET

Elements of unrest in Papua/New Guinea

On 7th January I attended the meeting of the Local Intelligence Committee³ in Port Moresby as the E.A. representative and also in my capacity as Chairman, JIC. The JIC had previously expressed the view that I should attend one of the meetings of the LIC, partly to show an interest in their work and also to give some guidance on the practical operations of the LIC. I spent two days before the meeting calling on the Acting Administrator⁴ and

1 O.L. Davis, Assistant Secretary, Joint Intelligence Committee (JIC).

2 Sir James Plimsoll, Secretary, DEA.

3 The establishment of the Local Intelligence Committee (LIC)—also known as the Territory Intelligence Committee (TIC)—was approved in 1964 for the purpose of 'meeting the needs of the Administrator ... and of the Joint Intelligence Committee (Australia), for intelligence on the whole island of New Guinea and adjacent areas' ('Terms of Reference of Local Intelligence Committee', approved by Barnes on 17 September 1964, NAA: A452, 1963/3387). Among its specific functions were 'advising and reporting on internal intelligence matters ... assessing and evaluating all available intelligence material on its area of responsibility ... issuing periodical intelligence reviews at least once a month, and more often if the situation requires it ... issuing Ad Hoc Current Intelligence Reports as the need for these may arise [and] undertaking intelligence studies at the request of the Administrator or the [JIC]' (loc. cit.). The background to the formation of the TIC was a direction from Cabinet of May 1963 that 'An adequate intelligence organization to provide warning of infiltration or subversion in eastern New Guinea should be established as soon as possible' (see letter, Shane Paltridge (Minister for Defence) to Barnes, 19 June 1964, *ibid.*). Thus, in August 1963, Minister for Defence Athol Townley put to Cabinet a submission on intelligence needs for the Territory in which he argued for a committee whose members would be drawn from existing agencies and against the DOT view that a specialised agency should be created (submission no. 878, Townley to Cabinet, August 1963 (no exact date), *ibid.*). The submission was not considered because of general elections, and afterward Barnes agreed with the Defence plan, precluding the need for resubmission to Cabinet (letter, Barnes to Paltridge, 1 July 1964, *ibid.*). In 1968, a Territories official reflected that the TIC's 'Main purpose at [the] outset was to meet the possibility of Indonesia adopting tactics of infiltration and subversion. There is still [the] need on [the] part of Defence, External Affairs, Service Departments, A.S.I.O. and the Minister for External Territories for information on such matters as—[a] border security [b] information on West Irian [c] impact on P. & N.G. of propaganda from Indonesia and other (especially communist) countries [d] development of anti-Australian forces in P. & N.G.' (minute, M.A. Besley (First Assistant Secretary, Central Secretariat, Department of External Territories (DOET)) to Warwick Smith, 18 November 1968, NAA: A452, 1970/4671).

4 J.T. Gunther.

a number of other officials, including the members of the LIC, with a view to making myself as familiar as possible with the current situation in the Territory.

2. A point of special interest, to which the Minister's attention might be drawn, is that the LIC and most of the officials with whom I had talks voiced concern regarding the growth of unrest and resentment among the indigenous inhabitants, but especially in the security forces (the police and the army), in the Public Service and among the younger, educated natives who were likely leaders of the future.

3. The basic causes of the unrest related to conditions of living and not in any sense to the political future of the Territory. They related especially to the levels of pay and to the serious lack of accommodation.

4. Thus the TPNG⁵ Public Service Ordinance (1963), which brought down salary levels to what it was estimated the economy of the Territory could afford,⁶ was continuing to cause resentment both among native members of the Public Service and potential members who were at present students, this despite recent arbitration hearings which were not yet complete. Resentments over the serious deficiency of accommodation in urban areas, which affected in particular police and urban employees in business and industry, had been exacerbated by the recent announcement of plans to spend £3m for housing for migrant European labour.

5. It was the view of a number of senior officials well placed to judge the situation that a police strike was not unlikely in two or three months time if it appeared that they were not going to get satisfaction from the report of the Police Advisory Committee at present studying their conditions or if action were unduly delayed. Should this occur the situation in such centres as Port Moresby, Rabaul and Lae could become difficult and internationally embarrassing, especially if advantage were taken of the police strike by indigenous students or unemployed to cause trouble by looting or otherwise. The LIC view in its December report is that 'should improvements in police conditions of service, which might result from the Committee's report, be less than expected by members of the force, or be unduly delayed, it is considered very likely that strike action will be taken'.

6. On 10th December, 25 native soldiers went on strike at Murray Barracks over pay. Although this outbreak was dealt with promptly and severely, senior army officers are of the view that such an outbreak could well occur again in a few months time. One senior army officer expressed reservations regarding the ability of Australian officers to keep the loyalty of native troops, if discontent over pay levels continued. Senior army officers were concerned regarding the deterioration of the general internal security situation as it had developed over the last 12 months and which they considered was likely to grow worse in the ensuing 12 months.

7. Among the native Public Servants and students there seemed to be developing a bitterness towards the Administration and Europeans in general, which was taking on

⁵ Territory of Papua and New Guinea.

⁶ The Public Service Bill 1963 came into effect in September 1964, at which time the Administrator announced that different rates of pay for overseas and local officers were to be a practical outcome of the Ordinance. These changes were opposed in the House of Assembly when it resumed in January 1965. On 28 February, the elected members of the House endorsed an alternative bill, which sought to localise a number of the powers associated with PNG public service. The Governor-General later vetoed the bill on the advice of the Australian Government. See I.F.G. Downs, *The Australian Trusteeship: Papua New Guinea 1945-75*, Canberra, 1980, pp. 315-6.

racial overtones. In its December report the LIC commented that 'the situation now poses a potentially serious threat to good race relations, the morale of the Public Service and even to the maintenance of public order, due to the fact that elements of both the police and army have been involved'. It further commented 'that it is evident, from considerations of reports received over the past six months that the Administrator, and by inference the Australian Government, has to some extent lost the trust and respect of the younger educated section of the urban native community due to what they considered to be a mishandling of these issues (Public Service salaries etc.). Because of their education the influence of members of this section on other members of the native community is out of proportion to their numbers'.

8. In general official views were that:

- (a) unrest was localised and confined to urban areas;
- (b) it had no relation to wider political demands and in fact political consciousness remained on a low level with little progress in the organization of either unions or political parties;
- (c) press and radio had been unhelpful in playing up previous incidents;
- (d) there was little external subversive activity;
- (e) it was possible that trouble, although localised, could spread, and become a focal point for the development of a more distinct anti-Administration or anti-European political approach.

9. It was a very commonly held view among officials that the present unrest was partly the result of mishandling of the situation by Canberra, but was basically the result of a wrong determination of priorities. It was considered that, if Australia wishes to maintain good relations with the indigenous inhabitants or intends to continue the administration for a number of years, it was essential to retain the good will of the educated group who would be the future leaders and of the police and army, without whose assistance the Europeans could not maintain law and order. It was considered better to divert say £1m a year {from} economic development projects to improving the pay levels or the accommodation of this significant element of the native community.

10. In addition it was considered that there was an urgent need for clarification of ideas in Canberra on the future importance of the Territory to Australia, especially from the Defence and economic points of view. Those responsible for administration in the Territory needed to know whether Canberra had a clear idea of where it was going or whether the development of policy was being 'played by ear'; whether Canberra was prepared to accept the international embarrassment of the Administration having to suppress 'undesirable' political movements or unrest in a country which was supposed to be in the process of being brought along at a rapid pace towards self-government and independence. Was Canberra consciously placing economic development before retention of good will among the future indigenous leaders?

3 NOTES OF DISCUSSION BETWEEN BARNES AND SELECT COMMITTEE¹

Port Moresby, 17 January 1966

Mr. Guise: Time has come for discussions with Australia. Need to know Government's thinking.

1. Clarify the position of the status of Papua and New Guinea—they differ now. Minister and Cabinet should clear this up so that Committee can get in. Papuans are Australian citizens; New Guineans are Protected Persons.
2. Want Committee to sit down in Canberra with Ministers to find the way through this matter of status of Papua and New Guinea. (We have not only got one road—this is not a matter for the United Nations but for the people). Special relationship between Papua and New Guinea and Australia (or Papua and Australia or New Guinea and Australia).
3. Internal self-government to come first.
4. Australia's role after self-government—what grant will be available, what economic aid?
5. Australia accepts unlimited laws. Can constitutional law bind the Territory?
6. What will be the migration laws into P.N.G. and Australia?

Want to find this way after discussion with Government.

The Minister: Self-government is our aim. Important factor is what the people want. The points made on self-government are—what funds would be available—we cannot commit a new Government too far ahead.

For the present we have accepted the guide lines of the World Bank Report²—5 years. Beyond this no Government can go without the agreement of Parliament.

1.³ Interim. Do people want change in set up of present House of Assembly before the next Election? We must have report if you want changes before the end of this year. Parliament may end in November. A report as soon as possible would help. We have to put through legislation if you want to amend the Papua and New Guinea Act.

You will need to amend your Ordinances. Change boundaries etc. Any interim changes and any information you may get is important from point of view of self-government.

[2] In relation to long term—we will {advance} this country economically and socially and this is our objective. Long term objectives are very difficult. Great majority of people have no education. I don't know whether they would be able to make up their minds in a few years. In a few years time their children or their childrens' children might be sorry these arrangements were made and might want

1 A Select Committee record by Watkins (undated, NAA: A452, 1965/3192) indicates that the Committee met in the morning to confirm matters to be raised with the Minister. Barnes met with the Committee at 4 p.m. and was accompanied by Cleland, Warwick Smith, Gunther and Ballard.

2 See introduction.

3 There are no other numbered sub-paragraphs in this section; indentation here is an editorial interpretation based on textual content.

something else. The first objective is self-government[,] is the advancement of the people socially and economically. Principles of government evolved gradually over {800} years. Minister then set out basic principles as set out in pages 5 and 6 of brief for official members.⁴

Mr. Guise: (a) Eventually Act will be passed by Australian Parliament; therefore have to find out what Australian wants. (b) Bill of Rights is on the agenda.

*Mr. Downs:*⁵ If you can find a way of helping the Territory to advance an association with Australia you will help the Committee a good deal. The great majority of people want to remain in association with Australia.

If we got self-government we could not go into association with Australia. Show us a way in which we can stay in close association with Australia. Westminster constitution is a good thing. We won't throw away the freedoms of the Bill of Rights. Australia must get off the beam mindless of others. We haven't got plenty of time. We are not yet ready. We have to educate. Everyone has to be brought in. This does not belong to U.N.O.⁶ (referring to recent resolution).⁷ P.N.G. is ready to make a choice to work towards association.

We haven't got a choice; we have got to find a way to bring the Territory into close association with Australia.

The Minister: What Mr. Downs says makes sense. There⁸ are exploratory meetings, to see what can be done. We have the best interest of the Territory at heart but we have to arrive at a solution to which both countries will agree. To arrive at a programme years ahead is {no} easy matter.

For my personal thoughts the processes of self-government could bring this country very close to Australia. The Westminster system of Government indicates a philosophy which we have inherited. To follow this will get you close to us. You have a fragmented society; people hold different views. You might find it just as easy to adopt our way of thinking eventually. You will be in a position from the economic point of view close to Australia and will be a very large nation in years to come and⁹ a market for all your produce in the Territory. What is most important {is} the point of security. We need friends like the Americans. You will need our help just as we will be glad of yours in times of {trouble}.

4 Principles outlined in the draft brief for the official members (31 December 1965, NAA: A452, 1965/3192), which apparently remained unaltered during re-drafting (see telex 263/48, Warwick Smith to Gunther, 12 January 1966, *ibid.*), included: 'separation of the judiciary from the executive'; 'freedom of speech and of the press'; 'guarantee of essential liberties of the individual'; 'social guarantees which, if written into the Constitution, would give guidance to the future governments of Papua and New Guinea'; 'guarantees of private property rights (no acquisition without proper compensation)'; 'essential provisions for controlling expenditure of the country's revenues'; 'control of the Public Service'; and 'control of public prosecutions'.

5 I.F.G. Downs, MHA for Highlands special electorate; member, Administrator's Council.

6 United Nations Organization.

7 Resolution 2112, adopted by the General Assembly on 21 December 1965, noted *inter alia* that Australia had 'not yet taken sufficient steps' toward implementation of the Trusteeship Agreement and resolution 1514. (For discussion of the terms of the Trusteeship Agreement and resolution 1514 see, respectively, introduction and attachment 'A' to Document 14.) The resolution called upon Australia to implement resolution 1514—and 'to this end, to fix an early date for independence in accordance with the freely expressed wishes of the people'—and to report back to the Trusteeship Council during 1966 (*Yearbook of the United Nations 1965*, pp. 539–40).

8 This should perhaps read 'These'.

9 The words 'will have' should perhaps have been inserted here.

Therefore I believe we shall always be close to each other if it is the wish of (either) people.

Mr. Watkins: People of the Territory will choose their future with the assistance of Australia. It is essential that this Committee should be able to indicate to the people the issues and choices it might make. Some will clearly ally the Territory with Australia. In order that the Committee may put their needs to the people it is necessary to have the attitude of Australia towards *one* of those roads. It has been said on many occasions that choice must be left to people themselves but that cannot be made unless they know what to choose from.

An invidious situation would arise if the Committee were to indicate as one choice something unacceptable to Australian Government; and Committee does not wish to do this.

Involved in these choices are certain matters mentioned by the Chairman. Felt that very early exploratory talks should be held on particular points which have already arisen and are likely to arise in the future so that the Committee can be informed and advise the people on particular aspects. We do need this meeting early. This would at least forewarn the Government on matters which they will have to consider later on. Committee will be better able to deal with questions of people if it has had discussions.

The Minister: It would not be possible to give an answer to the long term arrangements at an early date. Our aim here to be short in term.

Mr. Watkins: Could this be made known?

Downs: The statement is always being made that the wishes of the people will be acceded to.

Minister: Certain statements have been made in relation to self-government or independence. We cannot commit the Australian people. This will be done at the time.

Downs: This means that Australia has always thought of self-government and independence.

Minister: Self-government does not preclude association.

*Stuntz:*¹⁰ What part of changes are going to be considered by Australian Government at Cabinet in April?

Minister: Interim changes.

Stuntz: I understood the Australian Government would have formulated some new policy before we have the meeting. It would seem better for discussions to be held before Cabinet members' decision.

Minister: Has always been discussion with the representatives of the people before constitutional changes are made.

Stuntz: We feel we cannot get on with seeking the views of the people until we are told what the Government's attitude will be. These major principles with regard to relationship between Aust. and P.N.G. are vital. Any changes made in the immediate future could compromise the long term arrangements. Many Papuans feel that changes can compromise their position as Australian citizens.

¹⁰ J.R. Stuntz, MHA for East Papua special electorate; member, Administrator's Council.

Immediate changes do accept the long term arrangements and the degree of Australian until subsequent to those changes.¹¹

We feel that the time has come for firm policy for the future to be laid down and publicised.

Minister: From your remarks I judge you want to hear {our views and} convince the people of it. This is not what we want.

Stuntz: No[,] on[e] wants to know the range of questions.

Minister: The point of Guise's committee is to take evidence to hear what the people want.

Stuntz: The only practicable method is to present the people with a range of alternatives with the result of presenting them with objectives which the Australian Government cannot accept.

Minister: Not convinced that short term changes will have the long term affect which you fear.

*Brokam:*¹² You have heard what we have said. The Govt. of Aust. has got to think of where we are to go. We are not very happy to go to the people until we know what we can ...¹³

Minister: We certainly will help in every way as we will have so many discussions. But we don't want to tell the people how to think.

Guise: It is no good my going among the people unless I have what the Australian¹⁴ thinks. Then it will be easy to go back to the people. Please may we sit down with you to get your thinking. Then we can get formation.¹⁵

Minister: This is the beginning of talks. We will have many more talks. I say again that it is the will of the people that will prevail.

McCarthy: On point of meeting Australian Government. We feel as though we are walking in the dark. We only need guide lines. Even the broadest advice will be of help to the committee. This is only a preliminary discussion.

Minister: I appreciate that, it is an idea which I will bear in mind.

*Sinake Giregire:*¹⁶ The people are the ones. We go out to the people and tell them what choices they have after we have been to Canberra. We don't tell them to hurry up.

*Simogen:*¹⁷ What are relations to be with Australia—then we find out what the future is of P.N.G. We don't want to hurry {the people or the Australian Government} but we must try to know the lines of opportunity.

¹¹ Meaning of sentence unclear.

¹² Nicholas Brokam, MHA for New Ireland open electorate; Under-Secretary for Assistant Administrator (Economic Affairs).

¹³ Text missing in source document.

¹⁴ The word 'Government' appears to be missing.

¹⁵ Meaning of word unclear.

¹⁶ MHA, Goroka open electorate; Under-Secretary for Assistant Administrator (Services).

¹⁷ Simogen Pita, MHA for Wewak-Aitape open electorate; Under-Secretary for Police Department.

Dirona Abe:¹⁸ How much we expect of advice from you.¹⁹ Your thinking will help us to plan {and give us confidence}.

Tei Abal:²⁰ This committee should go to Aust. to get their help. We have not got the capacity to make a constitution without Aust. help. There is plenty of time. We want to find ways of being very close to Aust. We want to bring P.N.G. together as P.N.G. with Aust. People in N.G. do not think about independence. My people are saying that we do not want independence for a very long time. We have yet to find out what the way to the future is. We want to find the people.

Guise: Thanks Minister. We want to come down for two weeks and talk to the Government.²¹

[NAA: A452, 1965/3353]

4 MEMORANDUM, DOT (WARWICK SMITH) TO ADMINISTRATION

Canberra, 25 January 1966

CONFIDENTIAL

Immigration policy—Papua and New Guinea

The Minister has accepted the principle that the immigration policy of Papua and New Guinea could be modified to permit the entry of a limited number of non-European technicians, educationalists and other professional persons for limited periods for essential purposes. In order that full consideration may be given to this matter to enable a submission to Cabinet to be drafted, the Minister has instructed that the advice of the Administrator's Council should be sought on the modification proposed.

18 MHA for Rigo–Abau open electorate; Under-Secretary for Department of Public Health.

19 Sentence should perhaps have begun with 'This is' and ended with a colon.

20 MHA, Wabag open electorate.

21 The Select Committee met again on 18 and 20 January. Extracts of Watkins' undated record read: 'Many members of the Committee suggested that the present [open] electorates are too large to allow effective representation. Majority opinion was in favour of increasing the number of electorates [to] between 80 and 100 ... Messrs. Guise and Downs argued the abolition of [special] electorates. A number of members ... argued that the people would elect Europeans to Open Electorates ... Discussion on official members revealed that no member of the Committee considered that official representation [in the House] should be terminated ... Mr. Downs moved that the policy functions of the Central Policy and Planning Committee [see footnote 1, Document 10] should be transferred to the Administrator's Council ... The Under-Secretaries on the Committee spoke about the present system of Under-Secretaries, and with the exception of Mr. Abe they expressed complete dissatisfaction. A dominant theme in the criticism was that the duties of an Under-Secretary caused him to neglect his electorate and render his political survival unlikely. The other criticisms may be summarized by saying that the position ... gives a man a title and nothing more. The Committee resolved that the present system of Under-Secretaries is not workable and that if it was to be retained, some system which brings members into departmental decision making processes should be instituted. The question of Under-Secretaries neglecting their electorates raised the question of a Non-Parliamentary Executive. Messrs. Guise, Stuntz and Downs argued that strong consideration should be given to a Non-Parliamentary Executive'. On 20 January, Scragg 'suggested that the electoral difficulties inherent in the Under-Secretaries' system would be overcome in a full ministerial system by the kudos which attaches to ministerial activities' (NAA: A452, 1965/3192).

2. Under present policy the underlying principle governing entry for both permanent and temporary residence is that, until the Territory people are in a position to decide their own policy, the racial position of the population should not be made more complicated than it already is.

3. No cases have arisen which it is considered have indicated any need for relaxation of present policy for permanent residence, which prevents the entry for such purposes of non-Europeans other than wives and children under the age of 21 of residents of the Territory of permanent status.

4. However, such cases as recent representations for entry for extended periods by Japanese technicians, and by the Vicariate Apostolic of Mount Hagen that twelve Filipino teachers be granted entry for two years, as well as the possibility that the University of Papua and New Guinea may want to appoint non-European academic staff, raise the question as to whether, under present circumstances and with increasing participation by indigenes in government, there might properly be some relaxation of policy in relation to temporary entry.

5. The principles governing present policy for temporary entry into Papua and New Guinea for non-Europeans are:—

- (a) persons would not be admitted to the Territory where they would not under similar circumstances be admitted to Australia for like purposes and periods;
- (b) permits are issued by the Department and by the Administration for periods of up to three months to tourists and businessmen, it being possible to extend such period up to a maximum of twelve months by Ministerial decision;
- (c) teachers and missionaries may be admitted for temporary purposes from South Pacific sources as replacement for numbers at present in the Territory;
- (d) special consideration is given to entry of persons from the B.S.I.P.¹ and New Hebrides since they are of the same race as the people of the Territory;
- (e) people from the South Pacific area may be admitted for a period of training in Territory institutions; and
- (f) Asian technicians and businessmen may be admitted in limited numbers for limited periods for essential purposes and in connection with an approved project for Asian investment.

Australian immigration policy permits the entry into Australia of non-European technicians and other professional experts for temporary residence; it is considered that policy should not permit the admission of persons into Papua and New Guinea who would not under similar circumstances be admitted to Australia but that it should permit the temporary entry of technicians of all categories and educationalists and other professional workers, subject to their being admitted in *limited numbers*, for *limited periods*, and for *essential purposes*.

7. It is suggested further, that the three criteria stated in paragraph 6 might be more precisely interpreted as follows:—

- (a) 'Essential purposes' might be taken to mean engagement in an undertaking which is important to the progress of the Territory and where substitutes are not readily available from indigenous or European-race sources.

1 British Solomon Islands Protectorate.

(b) 'Limited numbers' would mean admitting only those persons required to meet the essential needs of the concern seeking the temporary entry of non-European persons and that the numbers should not be such as to cause either difficulties in control or political and social difficulties. While it is not thought that an absolute number could be laid down at this stage it might be useful in practice to establish a limit. Where there was an application for the temporary entry of a non-European which would exceed this limit, it would be granted only in an exceptional case, and a review would be made of all aspects of temporary entry in addition to the normal consideration of the merits of the individual case.

(c) 'Limited period' would need to be considered in relation to the basic principle of the immigration policy, that nothing should be done to complicate further the existing racial composition of the Territory. In general it is felt that the length of stay for a non-European should not be of such duration that he might cultivate permanent attachments in the Territory but at the same time it should not be so short as to prevent the person concerned from fulfilling with reasonable adequacy and without unreasonable cost the purpose for which he was granted temporary entry. Two years might be the limit but in any case the time should not extend beyond that which is necessary for the purpose of the visit, taking into account the practicability of training indigenes for replacement.

8. If approval is given to a non-European to remain in the Territory for such a length of time it may not be unreasonable to follow the Australian custom and permit the wife (and family) of the person concerned temporary entry for a period not longer than the husband's stay.

[*matter omitted*]²

10. I shall be glad if the proposed change in immigration policy could be placed before the Administrator's Council as soon as possible so that the Council's views may be made known to the Minister at an early date. The attached draft statement³ may possibly be of use to you in preparing the documents for the Council.

[NAA: A452, 1965/5939]

2 Matter omitted concerns discussion of the possible status of children born to non-Europeans during temporary residency and concludes that 'On balance it is considered that the numbers of non-Europeans who might successfully claim re-entry because they were born in the Territory would be very small, if indeed any, and that this danger is not sufficient to warrant excluding wives and children in circumstances where it would be otherwise appropriate that they be admitted'.

3 The draft statement set forth the substance of Document 4.

Administration reaction to changes in immigration policy for PNG

In an interim reply of 16 February to Warwick Smith's memorandum on immigration policy (Document 4), Cleland noted his intention to table the matter in a meeting of the Council scheduled for 3 March.¹ He also enclosed minutes from Assistant Administrators Gunther and Henderson in which various 'possible difficulties' had been raised with him regarding education and school teachers. Gunther wrote that he had 'no objection whatsoever to teachers coming from the Pacific Islands' but that he had 'a real objection to teachers coming from Asia'. 'The demand for teachers is great', he continued, 'and if you allow 12 Filipino teachers for one mission, it will be extremely difficult to prevent many other missions asking for a similar or greater number of Asians ... teachers from India or from the Philippines could become a flood'. Gunther intimated that teachers should be excluded from any new immigration regime or, alternatively, that the Administration should come to an informal agreement with missions that would ensure the exclusion of Asians. Henderson similarly raised the possibility of a large influx of Asians for mission schools, believing that this 'may result in a drive [by missions] to assume greater responsibilities in the educational fields'—a problem that might be overcome by 'clearly spell[ing] out long term mission responsibilities in education before announcing any change in the current Migration Policy'.

Barnes responded to these concerns by approving amendment of the terms in which policy on entry was to be expressed, substituting the words 'limited number of non-European technicians and educationalists and other professional people' with 'limited number of non-European key professional workers and technicians'.² According to the related ministerial submission, this was intended to avoid highlighting the 'educationalists' category and would 'point up the criteria that the [educationalists] admitted should be highly trained and specially scarce'.

In August, further fine-tuning of the new scheme occurred when the Administration's Central Policy and Planning Committee decided that it 'would be necessary in certain cases ... that, to facilitate administrative consistency, general rules varying aspects of the basic policy should be laid down for the guidance of those officers who would consider applications'.³ These general guidelines were, inter alia, that non-European academic staff for tertiary institutions would be limited to contract terms of two years, though longer terms could be negotiated prior to engagement; that non-European staff of UN agencies would be admitted where alternative staff had not been nominated; that non-European Australian citizens would be allowed entry under the same terms as Europeans; and that non-European dependents of European aliens resident in the Territory would be admitted under conditions approved for their European spouse or parent.

Barnes approved the resultant recommendations on the detailed application of policy.⁴

1 Memorandum, Administration (Cleland) to DOT, 16 February 1966, NAA: A452, 1965/5939.

2 See submission, Warwick Smith to Barnes, 24 February 1966, *ibid*.

3 Notes of meeting of the Central Policy and Planning Committee, 8 August 1966, NAA: A452, 1965/3597.

4 See submission, Reseigh to Barnes, 16 November 1966, NAA: A452, 1965/5939. Policy was further amended in 1968 with approval for limited numbers of South Pacific missionaries to be granted residency for up to four years (see submission, Reseigh to Barnes, 30 January 1968, NAA: A452, 1968/4017). However, the Government was not prepared to change regulations to favour Indonesian Chinese with a wish to reside in PNG (see memorandum, DOET (F.D. Gillies, position unidentified) to DEA, 20 March 1968, NAA: A452, 1966/6909).

5 SUBMISSION NO. 1, BARNES TO CABINET

Canberra, 27 January 1966

CONFIDENTIAL

Papua New Guinea—constitutional development

1. The purpose of this submission is to review briefly constitutional development in Papua and New Guinea since the establishment in 1964 of the House of Assembly and to seek approval for proposals in connection with possible further political and constitutional advance.

Present constitutional arrangements

2. In 1964 the House of Assembly was established in succession to the former Legislative Council by amendment of the Papua and New Guinea Act. The responsibility for the executive government of the Territory remains with the Commonwealth, and this responsibility is exercised through the Administrator appointed to administer the government of the Territory on behalf of the Commonwealth. There is a Territory public service, the members of which are responsible to the Minister. There is an Administrator's Council established under the Papua and New Guinea Act to advise the Administrator. Except where an Ordinance requires the Administrator to seek the advice of the Administrator's Council the matters on which he seeks the advice of the Council are for the Administrator's own discretion.

3. The House of Assembly consists of 64 members, 54 of whom are elected from a common roll, 44 in open electorates, and 10 in special electorates with candidature reserved for non-indigenous persons, and 10 are official members appointed by the Governor-General on the nomination of the Administrator.

4. In addition to the Administrator, the Administrator's Council comprises 3 official members, and 7 elected members of the House of Assembly appointed by the Minister. It has only advisory functions but where the Administrator is required by Ordinance to seek the advice of his Council on a particular matter the Administrator must report to the House of Assembly his reasons when the advice of the Council has not been accepted.

5. There is also an Under-Secretary system established from among elected members to understudy official members who act in the legislature in a role resembling that of ministers. Ten Under-Secretaries have been appointed. These are primarily training positions and do not involve the holders of the office in any responsibility for the administration of the departments represented in the House by the official members concerned.

Timing of next constitutional changes

6. On 19th May, 1965, the House of Assembly appointed a Select Committee on Constitutional Development. The Committee comprises 11 elected and 3 official members and its terms of reference are 'to consider ways and means of preparing and presenting, and to draft for the consideration of the House, a set of constitutional proposals to serve as a guide for future constitutional development in the Territory.'

7. In its recommendations the meeting of the Trusteeship Council of the United Nations held earlier this year¹ made reference to the Select Committee and recommended that it should consider a wide range of constitutional matters and in particular the idea of a Ministerial Cabinet in which New Guineans should hold positions of responsibility. The Council expressed itself to believe that the 'next step in constitutional development is to bridge the gap between a fully representative Parliament and a fully responsible Government' and suggested that preparation for this transition should be one of the principal tasks of the Select Committee.

8. In an interim report to the House of Assembly on 26th November, 1965, the Select Committee stated that it is reasonable to suppose that the Australian Government will consider further changes in some aspects of the House of Assembly before the 1968 elections. Because of the time element the Committee said that if the House of Assembly is to advise the Australian Government on these matters it should do so by early 1967. Because of this the Committee wishes to report to the House of Assembly on those questions by the end of 1966; it plans to meet in January next year² to consider possible constitutional changes before the next House of Assembly elections in 1968 and to consider the various ways of obtaining the opinion of the people on such changes. The report also referred to the important initial task of the Committee of formulating possible alternatives from which the people may choose their long-term future and to the desirability of having, after their January meeting, exploratory discussions with representatives of the Australian Government, particularly on the matter of the range of special relationships between the Territory and Australia that would be acceptable to Australia. The Committee is to present its final report to the House of Assembly in 1967.

9. Our stated policy is that changes in constitutional arrangements in the Territory will be made only after there has been full consultation with the people of the Territory to ascertain their views. The best indication whether there is a widespread support for particular proposals for changes is likely to come from the activities of the Select Committee and from the proceedings of the House of Assembly itself.

10. It would weaken the effect, both in the Territory and internationally, of any changes made following the Select Committee's enquiries if the Government appeared to have influenced the Select Committee to the exclusion of the views of the Territory people. Every assistance is being given to the Committee to inform itself on the principles involved in constitutional development, and it is being provided with information on experience elsewhere.

11. On the other hand it would be advantageous if the recommendations made by the Select Committee were of such a nature that the Government could accept these without embarrassment. If Cabinet were able at this stage to give some guidance as to its likely views it might be possible for some influence to be exercised towards an acceptable result, for example, by 'floating' suggestions through the official members on the Select Committee or by informing the Select Committee of the Government's attitude. Action would be taken in such a way as to avoid appearance of undue influence on the Select Committee.

1 That is, 1965. It is probable that the wording of a draft Cabinet submission, dated 7 December 1965 (see NAA: A452, 1970/3769), was unwittingly retained in the final version.

2 See footnote 1. In addition, the allusion to January in an interim report by the Committee (see NAA: A1838, 936/5 part 2) is most naturally interpreted as January 1966.

12. While this submission concerns only possible changes in 1968 in the present constitutional arrangements the Select Committee will also be considering ultimate constitutional arrangements for the Territory which, as it notes, will necessarily include its relationship with Australia. I propose to make a separate submission to Cabinet within the next few months regarding possible long-term relationships between the Territory and Australia.

Development of a local executive

13. The present constitutional arrangements give the indigenous people a real share in the process of making laws for the Territory. In practice they are taking very little share in the executive government. Partly this is a consequence of the low level of administrative capacity on the part of many of the elected members which has prevented the Under-Secretaries, with two or three exceptions, from being able to take an effective part in administration. In addition, the Administrator's Council and the Parliamentary Under-Secretary system being advisory only in nature are not drawing the elected members sufficiently into the day-to-day processes of administration. If any changes are to be implemented after the 1968 elections, it is considered that they should be directed towards involving elected members more closely in administration both as the quickest way of increasing their capabilities and giving them a greater feeling of participation.

14. Without committing ourselves at this stage to particular proposals for changes it would seem possible to determine certain requirements with which any proposals for interim changes in executive government (short of self-government) should not conflict if they are to be supported officially. These requirements would then serve as guides within which policy could be determined. Such requirements are considered to be—

- (i) though the Commonwealth would progressively devolve its authority, in practice it would, short of self-government, retain final responsibility in the sense that it remains accountable for the administration of the Territory; and the Minister would retain the right to direct policy or to question any action;
- (ii) this devolution would not apply in relation to certain 'reserved' subjects—internal security, external affairs, defence, constitutional advance, law and information;³
- (iii) the need for a reasonable pace of constitutional development has to be balanced with the difficulty of maintaining standards of administration; progress needs to be evolutionary and educational but cannot await the availability of persons with full capacity to operate at normal standards of developed countries;
- (iv) the extreme economic dependence of the Territory and the fact that a substantial part of the Budget is met by Australia must be recognised; in these circumstances the Commonwealth must determine the strategy of the Budget;
- (v) the Commonwealth Government's control over the conditions of service of the Australian members of the Territory public service must be preserved; and
- (vi) the final constitutional pattern for a self-governing territory should not be unduly determined by the interim arrangements.

3 The Commonwealth reserved for itself the right to control aspects of the Territory's government, including those listed in addition other elements such as the police, public service machinery and tax (see, for example, speech by Barnes, 20 October 1966, *Commonwealth parliamentary debates* (Reps), vol. 53, 1966, p. 2002; section 55 of the Papua and New Guinea Act 1966; and attachment to Document 168).

If there is strong and widespread popular support in the Territory for development of something in the nature of ministerial responsibility for some elected members of the House of Assembly I consider it should prove possible to seek, through the Select Committee, to work out proposals consistent with the following principles—

(vii)⁴ the object of the changes should be to ensure that elected members of the legislature, within defined limits, in practice as well as in form, carry some responsibilities of a ministerial character;

(viii) these ‘quasi-ministers’ or ministerial representatives would be responsible within defined limits for certain selected departments dealing with matters of immediate electoral concern such as Education, Health and Works (but not for ‘reserved’ departments such as Administrator’s Department, Law, Information, Police and Security);

(ix) though the arrangements should ensure maximum participation and exercise of authority in the day-to-day business of the administration of the Departments concerned, the authority and responsibility of ‘ministerial’ representatives must be confined within arrangements which leave to the Administrator as the representative in the Territory of the Commonwealth Government ultimate authority within the Territory in accord with the first principle set out above;

(x) it should be recognised that movement towards a ministerial system requires a complementary move forward in the Administrator’s Council so that it becomes the forum for collective policy making and its composition is limited to the holders of ministerial office and officials.

15. The Annex to this submission contains an illustration of an arrangement which might achieve this purpose. This annex is not included for the purpose of obtaining approval to the specific proposal set out in it but merely as an indication of an arrangement which could be evolved within the compass of the principles set out in the previous paragraph.

16. If the procedure suggested were implemented, the Government would need to be prepared to accept local advice on matters in the social welfare group of activities within a predetermined amount of finance. On functions vital to Australia’s responsibilities in the Territory, such as law and justice, internal security and economic development, the suggested formula would not change the present arrangements but would provide for maximum consultation with the Administrator’s Council so that its advice would be available when policy decisions are being taken.

17. The suggested procedure proposes that the Commonwealth grant continue to be made available as a lump sum support to the budget. The possibility has been examined of ‘splitting’ the Territory budget so that the local revenues of the Territory would finance the sphere of activities to be controlled locally and the Commonwealth grant would finance matters retained under direct Commonwealth control. However, Territory local revenue does not this year exactly match with the costs of a group of activities which are appropriate for local control. Even if it did, it is improbable that such a situation would apply in succeeding years. The grant is at present determined after all avenues of raising internal revenue to meet proposed expenditures have been explored. The importance of local revenue as a component of the total budget is increasing and this year local revenue is

4 Apparently, the following sub-paragraphs were incorrectly numbered as part of the previous sequence of sub-paragraphs.

expected to meet 33.4 per cent of the Territory Budget. We would hope to reach a position in which increases in local revenue could be used to reduce the financial gap rather than to expand particular local activities. The difficulty which is inherent in a 'budget splitting' arrangement, at this stage seems to outweigh possible advantages.

18. Any transitional arrangements for quasi-ministers or ministerial representatives will impose strains and stresses on both the Territory Administration and the Government. We are not likely to avoid this problem in a transitional stage and it seems to be part of the process of constitutional development in an emerging dependent territory that such strains and stresses will occur.

COMPOSITION OF THE HOUSE OF ASSEMBLY

Special electorates

19. The 1962 Select Committee of the Legislative Council⁵ recommended that the House should include '10 non-indigenous persons elected from the common roll as members from "reserved electorates"' adding that 'this provision should be revised before any election in 1967'. That Committee, although opposed in principle to any form of reserved seats and special racial rolls, felt it could not ignore the strong probability that no Europeans would be returned from a normal roll election; six Australians were, in fact, elected to open seats.

20. The reserved seats with a racial qualification provide an obvious point of criticism especially internationally.

21. I do not consider that it would be politically wise to advocate for the abolition of the reserved electorates since some of the Government's strongest critics come from this group. I consider that the approach should be that the Government would not see difficulty in a recommendation by the House of Assembly that these seats should be abolished or reduced in number, or some other qualification, e.g., minimum education or prior experience as a member of local or central government, be substituted for the racial one. The point should be made that, with the pressure to give more indigenous people experience in the House of Assembly, the continued existence after 1968 of special seats from which they are precluded seems anomalous.

SIZE OF THE HOUSE

22. The 1962 Visiting U.N. Mission recommended a House of 100 persons but this number was not recommended by the Select Committee of the then Legislative Council at that time. The Committee considered such a body would be irresponsible; too unwieldly; there was probably an insufficient number of persons capable of carrying out the duties of members; and such a body would be too costly. The Committee recommended representation on a sub-district basis, finally proposing 44 members.

23. The 1965 report of the Visiting U.N. Mission noted that the House had fewer members than the previous Mission had recommended and that it had been suggested that a larger assembly, besides being more representative, might have permitted some of the younger educated indigenous people to be elected. The 1965 Trusteeship Council recommended

⁵ The Committee was appointed in March 1962 for the purpose of reporting to the Legislative Council (predecessor of the House of Assembly) on the extent and requirements of political development in the Territory.

that the Constitutional Committee should look at the previous recommendations for an enlarged House.

24. The best course might be for an increase in membership of the House not to be opposed but for it to be suggested that this should be considered on rational principles designed to secure a balanced and effective distribution and not on any preconceived figure. It would also be desirable for it to be pointed out that any substantial increase of expenditure on the House of Assembly would mean a reduction elsewhere.

Official members

25. The Trusteeship Council has recently reiterated the proposal for the total elimination of official as well as special seats in the House. The 1962 Visiting Mission recognised a need for some official representation and the 1965 Mission made no recommendation in this respect.

26. The suggestion for increased participation of elected members in the executive government referred to in paragraph 14 requires that a certain number of official members shall remain in the House. In any case it seems probable that external affairs, defence, internal security and the public service should remain outside the control of elected members for as long as Australia remains responsible for the Territory. I consider that enough official members should remain in the House of Assembly to represent adequately the policy and views of the Administration and to ensure the efficient conduct of Government business.

RECOMMENDATION

27. I recommend that Cabinet agree that—

- (a) if the Select Committee's inquiries disclose that there is a strong and widespread popular support for early constitutional changes in Papua and New Guinea towards increased participation in the executive government by elected members, changes in harmony with the principles set out in paragraph 14 above, to apply immediately after the general election in 1968, would be acceptable; and
- (b) if there is strong support for changes in the present composition of the House of Assembly, the official attitude follow the lines set out in paragraphs 21, 24 and 26 above.

Attachment

ILLUSTRATION OF ARRANGEMENTS UNDER WHICH 'QUASI-MINISTERS' MIGHT OPERATE

In considering the possibility of associating elected members with the executive government account must be taken of areas of special Commonwealth interest, namely:—

- (i) defence, external affairs, information, internal security and police, the public service, and constitutional changes;
- (ii) the Budget, which is the joint concern of the Commonwealth and the Territory while a large portion of the ordinary Budget remains provided by the Commonwealth grant;

2. It seems possible, in respect of the remaining matters to involve the elected members in the formulation of policy and to give them duties and functions in the Administration so that they assume some (but not all) of the functions and responsibilities of Ministers.
3. Two possible major changes are:—
 - (a) to create the position of Parliamentary Secretary;
 - (b) to change the statutory functions of the Administrator's Council so that the Council becomes the principal policy body in the territory.

Parliamentary Secretaries

4. It is proposed that as a first step, Parliamentary Secretaries should be appointed to a limited number of departments, viz. those concerned with providing social or essential services for the people, e.g. Departments of Health, Education, Posts and Telegraphs, Works. Departments directly related to economic development (Trade and Industry; Forestry; Agriculture, Stock and Fisheries; Lands and Mining) or which deal with matters having vital Australian responsibilities (Department of the Administrator, Police) or which it is considered for other reasons would remain outside the Parliamentary Secretary system (Law) would not at this stage be changed.

5. In respect of Departments to which a Parliamentary Secretary is appointed, the Parliamentary Secretary would assume a number of the powers and duties of a Minister. He would direct the overall activities and make day-to-day decisions of his Department. On policy issues whereas the Departmental Head at present submits policy proposals to the Assistant Administrator, he would submit them to the Parliamentary Secretary. If the Parliamentary Secretary agreed with the departmental proposals, these proposals would go forward. If not, the proposals would go to the Administrator's Council for determination; as noted in paragraph 9 the Administrator is not bound to accept the advice of his Council, and this arrangement would preserve the Minister's authority since the Administrator's acceptance or variation of the advice of Administrator's Council would in all significant cases be on the instructions of the Minister. Similar procedures would apply to policy instructions by Parliamentary Secretaries; and if the Departmental Head (i.e. the Administrator) concurred, these would go forward; otherwise they would go to the Administrator's Council.

6. The Parliamentary Secretary would represent his Department in the House of Assembly by answering questions; by introducing and carrying legislation concerning his Department through all stages of proceedings; and by giving his Department's view on resolutions and motions affecting his Department. He would resign on a vote of no confidence passed by the House.

7. In the same way he would represent his Department in the Administrator's Council (which would become rather more of an embryo Cabinet). In the House of Assembly he would defend his administration of his Department. As a member of the Administrator's Council he should support or at least not publicly criticise or oppose policies or actions of the Administration.

Administrator's Council

8. Apart from budgetary proposals (which are considered later) it is contemplated that the Administrator would consult the Council on all matters except those relating to defence, external affairs, the public service, constitutional matters and internal security (although at his discretion he could keep the Council informed on those matters). In urgent cases the

Administrator would be able to act without the advice of the Council but would have to let the Council know as soon as possible of the action which he has taken.

9. The Administrator would not be required always to accept the advice of his Council. In practice it could be hoped that few occasions would arise where it should be necessary for the Administrator to act contrary to the advice received, in particular, on matters concerning Departments represented by Parliamentary Secretaries. A convention should be established that if this occurred, the Administrator should be required to inform the Minister. Similarly the Parliamentary Secretaries should, in any case, be able to request that their dissenting views be conveyed to the Minister.

10. It is considered appropriate in the light of the changes proposed in respect of Parliamentary Secretaries that the composition of the Council should be changed so that it is restricted to those who bear executive responsibility, i.e. Parliamentary Secretaries, designated official members, and the Administrator. Members of the Administrator's Council drawn from the elected members of the House of Assembly could be appointed by the Administrator but in so doing he would attempt to appoint members who would have the support of the House.

Under-Secretaries

11. The system of Under-Secretaries should continue to operate in respect of the economic group of departments but as the new office of Parliamentary Secretary would be provided for in the Papua and New Guinea Act, there would be advantages in providing also for the office of Under-Secretary in the same way.

The estimates

12. The Departmental Head would prepare his annual estimates of expenditure and, if there is a Parliamentary Secretary for that Department, submit them to the Parliamentary Secretary for agreement before forwarding them to the Territory Treasurer. The Treasurer's draft Territory Estimates would be examined governmentally by a committee of officials before the draft Estimates are submitted to the Administrator's Council for advice. After examination by the Council the Administrator would forward the draft Budget to the Minister, indicating the changes made on the advice of the Administrator's Council, and giving his comments on any changes advised which he has not accepted. The preliminary draft Budget would be settled by the Minister at this stage. If the draft required revision following determination of the Commonwealth grant, the procedure of the Territory Treasurer submitting a revised Budget to the Council for advice would be followed again.

13. These procedures would retain with the Minister for Territories the ultimate direction of the administrative effort subject to the House of Assembly creating a deadlock by refusing to pass the Budget. The aim in the Council would be to explain to the elected members the principles on which the draft Budget has been formulated, and to secure their broad support to the framework of the Budget. Views of elected members on the proposed items of expenditure for the social welfare group of Departments (otherwise than to increase substantially the overall expenditure proposed) may have to be accepted; the main effort of the Administrator in the Council would be to gain the acceptance of the Council to the economic development side of the Budget.

14. It should, by means of such consultation, be possible to reach a position on the Budget whereby the elected members on the Administrator's Council would support the appropriation and financial measures in the House of Assembly.

6 SUBMISSION, JOCKEL¹ TO HASLUCK

Canberra, 28 January 1966

SECRET

Air violations of New Guinea border

The background to the attached Sydney Morning Herald story in today's paper² is as follows—

2. On 22nd November an RAAF³ Caribou aircraft through a navigation error by the pilot, intruded about 10 miles into West Irian at the northern end of the border and remained over Indonesian territory for about 12 minutes.⁴ Six [Indonesian] border penetrations have been reported since 24th December, all within an area of 17 miles east of the border, and as far south as the border between Papua and New Guinea.⁵

3. Since becoming aware of the above, we have been in touch with the Department of Air to check that no further violations, deliberate or otherwise, have taken place from our side to ensure that they do not occur in future. If the need arises for Australia to protest to the Indonesians over air violations of the Territory, we need a record from our side of strict observance of the border.

4. As you will see from the press report some of the facts of the situation have now reached the Australian press, presumably from their sources in New Guinea. The author of the story told the Department that he had information about the Indonesian intrusions, but that he understood that these had ceased following representations by Australia. The reporter was not given any attributable comment by the Department, but it was pointed out to him that any crossings of the border had to be seen in the context of difficulty of terrain, and the question of representations by Australia, which he was told had not been made, had to be seen against the background of our interest in making progress on the border demarcation. The reporter was not disabused of his idea that the Indonesian flights were connected with their border survey work.

[*matter omitted*]

[NAA: A1838, 689/1 part 2]

1 Gordon Jockel, First Assistant Secretary, Division I, DEA.

2 The article reported that an Indonesian plane had recently been seen over several small bases in PNG. It claimed that the Government was 'aware of the violations but has not protested because, for the sake of good relations, it assumes they could have been accidental ... [The plane] is assumed to have been one which the Indonesians are using to photograph the border in preliminary work for the joint [Australian-Indonesian border] survey' (NLA: mfm NX 15). For background on border issues, see Document 7 and editorial note 'Survey of the border between West Irian and PNG'.

3 Royal Australian Air Force.

4 One sentence expunged.

5 Irian Jaya, formerly known as West New Guinea, was administered by the Dutch until 1963, after which it was controlled by Indonesia (see paragraph 8, Document 12).

7 PAPER BY ASIO¹

Canberra, January 1966²

SECRET

[*matter omitted*]³

Attachment A

THE SITUATION IN WEST NEW GUINEA

[*matter omitted*]⁴

8. *The border situation*

The International border between Australia and Indonesian territory has not yet been accurately surveyed, but it is hoped that a joint survey team will commence this task in the not distant future.

The Indonesians are steadily building a series of administrative posts in the border area, mostly at the northern end, and small detachments of Indonesian and Papuan troops are stationed at each. The basic task of these posts is border surveillance, with some spasmodic patrolling, and the apprehension of refugees attempting to cross into Papua and New Guinea. A stern view is taken of these border crossers and many reports have been received of punitive action in the form of beatings, imprisonment and shootings.

The majority of refugees are turned back at the border by the Australian authorities, however, in the past twelve months six applications for political asylum have been accepted, two from Indonesians and four from Papuans. One Papuan has been granted permissive residence and the other five applications are still under consideration.

One of the applicants for asylum was an Indonesian army corporal who deserted from the elite SILIWANGI Division.

It is reliably reported that a number of Papuans are in hiding from the Indonesians in dense jungle country near the Tami river in West New Guinea. These people had been involved in anti-Indonesian activities and many had tried unsuccessfully to cross the border.⁵

1 Australian Security Intelligence Organisation.

2 Precise date unrecorded.

3 The papers were provided to Davis under cover of a letter of 1 February 1966 from Brigadier C.C.F. Spry, Director General of ASIO.

4 Matter omitted refers, *inter alia*, to the political, economic and military situation in West Irian.

5 An unnumbered cablegram of 12 January to Geneva described the refugee problem and Australia's response to it in the following terms: 'The great majority of border crossings from West Irian into the Territory of Papua and New Guinea are by persons who in no sense can be regarded as refugees. In the main persons cross into the Territory in the course of tribal movements. For the period beginning with the establishment of the Indonesian Administration in West Irian in May, 1963, and ending November, 1965, a total of seven crossings were made by groups or individuals requesting entry into Papua and New Guinea on political grounds ... In these few cases where application has been made for permissive residence in Papua and New Guinea on political grounds, the Australian Government makes a judgement as to whether there is a genuine case for admission on the facts, so far as they can be determined, of the case. Where there is a "prima facie" case for believing that the person concerned has a well-founded fear of persecution should he be returned,

[*matter omitted*]

Attachment B

INDONESIAN INTEREST IN PAPUA AND NEW GUINEA

[*matter omitted*]

2. *Indonesian subversion*

To date there has been very little evidence of Indonesian subversive activities in Papua and New Guinea. However, Radio Sukarnapura has increased the frequency and subversive content of its anti-Australian broadcasts and it is reportedly planning to increase the power of its transmissions.

There are indications that 'East Irian' has recently been included in Indonesia's list of target areas for its psychological warfare programme. No attempt has yet been made to influence the native population on the Australian side of the border, however, on the rare occasions when an Indonesian manned ship calls at Territory ports the crew makes attempts to subvert the native people by propaganda means such as referring to their similarity of skin colour, and their common dislike of the white man.

[*matter omitted*]

4. *The Indonesian Embassy*

On several occasions the Embassy in Canberra has contacted West New Guinea students in Port Moresby, either by letter or per medium of Indonesian visitors, and tried to persuade them to return to their homeland. These students frequently receive copies of Embassy newsheets and other propaganda, and early in 1965 two students were invited to Djakarta on a conducted tour and efforts made to subvert them, without success.

A West Papuan, Moses WEROR, is a Third Secretary at the Indonesian Embassy in Canberra and appears to have the special responsibility for maintaining contact with the students in Port Moresby.

5. *Papua and New Guinea native reaction*

A very large majority of the native population in Papua and New Guinea is anti-Indonesian in outlook, due mainly to the reports of ill-treatment and suppression of the West Papuan people which have filtered out, and partly to the usually adverse press publicity accorded to Indonesian political manoeuvres. Propaganda by individual Australians has no doubt also accounted for this anti-Indonesian feeling.

Indonesian visitors to the Territory have been greeted somewhat less than enthusiastically by the local population.

Frequent references by both native and European politicians to the possibility of an Indonesian takeover in Papua and New Guinea has given rise to local suspicion as to Indonesia's intentions towards the Territory.

On the other hand the suggestion of a coalition with West New Guinea to form a sovereign state has met with some approval in Papua and New Guinea, as has the proposal for a Greater Melanesian Federation embracing West New Guinea, Papua and New Guinea, Nauru, the British Solomon Islands Protectorate, New Hebrides, New Caledonia and Fiji.

[NAA: A1838, 3036/14/1 part 5]

the application for asylum in Papua and New Guinea is referred to Canberra where it is decided by the Minister for Territories and the Minister for External Affairs' (NAA: A1838, 3036/14/1/6 part 3).

8 NOTE¹ BY MUNRO² AND YEEND³ ON CABINET SUBMISSION NO. 1⁴

Canberra, 2 February 1966

CONFIDENTIAL

Papua/New Guinea constitutional development*[matter omitted]*⁵

It seems important not to allow the impression to be given that Cabinet is adopting any rigid attitudes in advance of the report of the Select Committee. Our view is that the Select Committee should be given every encouragement to put in a comprehensive and effective report.

The subject is complicated and the Submission, no doubt in an endeavour to be brief, does not discuss the pros and cons of some important aspects. The Minister might be invited to give Cabinet some further idea of the thinking behind recommendations on the following points:—

Cabinet government

The recommendations head in the direction of an Australian form of cabinet government—but at this stage with quasi-ministers having only a limited responsibility within a limited field. This appears to be the first deliberate overt step towards cabinet government and ministerial responsibility. While this may be the best system for Papua and New Guinea it is possible to think of variations of it—for instance, selecting ministers from outside the legislature—which deserve consideration. There are many instances around the world where the British system of government is not working because of the absence of major political parties of equal strength giving an effective Government and effective Opposition. Is it too early in the political development of the Territories to say whether an Australian type cabinet will work? Do the proposals in the Submission commit the Government to an Australian type parliamentary institution? Should any views of the Government on the subject at this stage be expressed in tentative terms indicating a willingness to adapt the system to fall in with the political and social development of the Territories?

The Submission does not say whether these quasi-ministers are to be appointed by the Administrator or elected by the Assembly. However, they are to form the Administrator's Council and the idea is that conventions will arise whereby the Administrator will consult the Council on all matters except some excluded topics—security, external affairs, defence, constitutional advancement, law and information. Once elected members get the feeling of ministerial responsibility there will be increasing pressure to extend their area of responsibility. Is there any way in which they can be given responsibility for some part of these excluded topics leaving the major decisions of principle in the hands of the Governor General? For instance would the 'Nauru pattern' allowing a measure of joint

1 Notes on Cabinet submissions were customarily prepared in the Prime Minister's Department (PMD) for use by the Prime Minister in anticipation of Cabinet discussions.

2 D.J. Munro, First Assistant Secretary, Economic Division, PMD.

3 G.J. Yeend, First Assistant Secretary, Cabinet and External Relations Division, PMD.

4 Document 5.

5 Matter omitted summarises Document 5.

responsibility on, for example, internal security and maintenance of peace and order, be one possible way of leaving with the Assembly the largest practicable area of authority?

Composition of the Assembly

The Minister proposes that the Government need not seek to persevere with the present requirements for special electorates (which provide that a number of white men must be included among the elected representatives). The Minister also proposes not to give any encouragement to the idea that there should be further expansion of the Assembly at this stage. However, his view is that the Government should continue to insist on some official members remaining in the House so that the subjects excluded from the purview of elected quasi-ministers can be adequately presented. With none of these views would we disagree. The Minister, or the Minister for External Affairs might be able to say what the reaction from the Trusteeship Council is expected to be, in view of the U.N. Mission report covering these aspects.⁶

The Select Committee

We have said that the Select Committee ought to be given every opportunity to present its recommendations in the best light and for this reason Cabinet should not appear to be adopting any rigid positions in advance. Equally, if any of the Minister's proposals are totally unacceptable to Cabinet it would be important that this be made clear now so that the Minister and his departmental officials can have some appropriate guide lines for their administration and their pronouncements.

[NAA: A4940, C1724 part 2]

9 NOTE BY CRAIK¹ ON CABINET SUBMISSION NO. 1²

Canberra, 2 February 1966

Papua and New Guinea—constitutional development

[*matter omitted*]³

Comment

One or two points in the Minister's submission cause us some concern. It is noted that in paragraphs 4 and 5 of the Annex (which appear to be the basis for the 'principles' outlined on page 7 of the Submission) it is suggested that 'as a first step, Parliamentary Secretaries should be appointed to a limited number of departments, viz. those concerned with providing social or essential services for the people' and each Parliamentary Secretary 'would direct the overall activities and make day-to-day decisions of his Department'.

⁶ That is, the report of the UN visiting mission which toured New Guinea in 1965 and later reported to the Trusteeship Council. For the Council's comments following the report of the mission, see footnote 12 to editorial note entitled 'Papua and New Guinea's constitution and ultimate status: debate in Port Moresby and Canberra'.

¹ D. Steele Craik, Acting First Assistant Secretary, General Financial and Economic Branch, Department of the Treasury.

² Document 5.

³ Matter omitted is a summary of Document 5.

Under such an arrangement it appears that the Parliamentary Secretaries would have the political responsibility for running the social service group of departments without having any matching responsibility towards the more unpopular task of raising revenues.

Our concern on this point is further increased by the wording of paragraph 13 of the Annex. Frankly, our impression is that the Minister envisages that to gain the support of the elected members for a development programme, certain concessions may have to be made in the social sector. We recall that the Minister for Territories told Cabinet (Submission No. 724, 8th April, 1965)⁴ that it may be difficult to confine social expenditure to the limits recommended by the World Bank Mission and he recommended that 'expansion of activities that are not directly economic should not be restricted to the extreme where our fundamental objectives in the Territory would be prejudiced'.

We have also noted (paragraph 12 of the Annex) it is proposed that the draft budget estimates for the Territory would be submitted to the Administrator's Council for advice before the estimates were passed to the Minister for Territories for his approval and ultimate transmission to the Government for determination of the grant. Cabinet did not approve a recommendation by the Minister for Territories last year that the Northern Territory Administrator's Council should be authorised to examine the draft estimates and works programmes for the Northern Territory Administration. It is not hard to foresee the difficulties that could arise from allowing the Administrator's Council in Papua and New Guinea to examine the draft estimates before Government considers them. Thus each 'Minister' would be interested in increasing the votes of his department while at the same time trying to keep taxes and charges low—the result would be reflected in the size of the grant requested from the Commonwealth. Perhaps Cabinet may consider the solution to this particular proposal lies in adopting procedures along the lines of paragraph (d) of Decision No. 727 of 16th February, 1965,⁵ that suggested the members of the Northern Territory Administrator's Council should have the opportunity to advance views and suggestions on the budget but not the authority to examine draft estimates.

On the more general question of whether the House of Assembly can be given financial responsibility consistent with the degree of political responsibility envisaged, consideration might be given to the suggestion that a thorough examination should be made of the possibility of the Commonwealth grant and loan borrowings being expenditures on administration, law and order, leaving social services to be financed from internal revenue. Any local moves to increase expenditure on social services would then compel consideration of ways and means of increasing local revenue charges. We appreciate that it is intended that the proportion of the Commonwealth grant to the total budget should gradually decrease. We consider that this end would be served by progressively adding the activities to be financed from local revenue. The Minister for Territories in paragraph 17 dismisses what he calls a 'budget splitting' arrangement on the grounds that the disadvantages *seem* to outweigh possible advantages. Nevertheless, it is our view that an examination should be made of this possible method of progressively increasing the financial responsibility of the House of Assembly.

4 Not printed.

5 Not printed.

Recommendation

It is suggested that Ministers should consider carefully the proposal to give the Administrator's Council the authority to examine the draft estimates for the Territory. We also suggest that Ministers might wish to give attention to the Minister's statement that the views of members of the Council may have to be accepted on social expenditures in order to gain support for economic measures. Finally, we suggest for the consideration of Cabinet that a thorough examination might be made of the possibility of the Commonwealth grant and loan borrowings being used initially to finance the economic sector and expenditures on administration, law and order, leaving social services to be financed from internal revenue.

[NAA: A4940, C1724 part 2]

PNG's Australian public servants: morale and the future of the Territory

From the early 1960s, the Public Service Association (PSA) of PNG engaged the Australian Government in discussions over the future of expatriate officers serving in the Territory.¹ In 1962, assurances were given that the Commonwealth intended to protect the superannuation entitlements of these officers. It was also said that '[permanent] expatriate ... officers who continue to serve in the Territory in carrying out the Government's intention .. and whose careers are terminated before normal retirement age for the sole reason that they are replaced by people serving under local conditions, will be assisted to provide other employment or will be provided with reasonable compensation for loss of employment'. But the PSA remained unsatisfied and pushed for a detailed and formal scheme for compensation.

Territories was responsive to this demand. Between 1962 and March 1965, 570 permanent officers resigned—representing over 10% of the expatriate government workforce—and the contract staff that replaced them were less experienced. Barnes told Cabinet that

the effectiveness of the public service is declining. An ever-increasing proportion of new staff has to be set-off against wastage with the result that the overall net gain needed to achieve the aims of policy is becoming more difficult to maintain.

He further pointed to 'a continuing need after self-government for at least some Australian permanent officers of the present Territory Public Service'. He therefore recommended adoption of a prescribed system of compensation.

Cabinet approached the problem cautiously. It was not until the tabling of a report from an interdepartmental committee² and after hearing Barnes' objections to an alternative Treasury plan³ that Cabinet gave in-principle support to the scheme.⁴ Moreover, the details of the plan were not approved until after examination by an independent expert.⁵ This adviser endorsed Barnes' original scheme as being the most appropriate.

In late 1968, the Government made a further attempt to reassure expatriate public servants by translating into law previously informal guarantees of superannuation entitlements.⁶

1 The following paragraph is based on submission no. 817, Barnes to Cabinet, 24 May 1965, NAA: A5827, volume 25.

2 Submission no. 843, Barnes to Cabinet, 22 June 1965, NAA: A5827, volume 26.

3 Submission no. 1067, Barnes to Cabinet, 27 September 1965, NAA: A5827, volume 33.

4 Decision no. 1284, 29–30 September 1965, *ibid.*

5 See submission no. 3, Barnes to Cabinet, 27 January 1966, and decision no. 8, 3 February 1966, NAA: A5841, 3.

6 See submission no. 534, Barnes to Cabinet, 27 October 1967, and decision no. 739, 6 December 1967, NAA: A5842, 534. Cabinet agreed to Barnes' recommendation in spite of opposition from the Prime Minister's Department (see note on submission no. 534 by Munro, 5 December 1967, *ibid.*).

Mineral discoveries on Bougainville island

Mining company Conzinc Riotinto of Australia (CRA) began exploration for copper on Bougainville in December 1963,¹ and by October 1964 it felt able to indicate 'confidentially' to External Territories that the results were 'encouraging'.² The reasons for this enthusiasm soon became clearer: CRA had discovered 'wide dissemination of copper mineralisation' in central eastern Bougainville, south-west of Kieta on the western fall of the Crown Prince range.³ This, the company noted, was of 'potential economic importance'.

Conzinc's revelation was accompanied by requests for official assistance. Indeed, in its earliest correspondence, the company suggested that it would need the 'fullest co-operation from the Government', reminding Canberra of the 'great significance of any economic discovery in this area'.⁴ The Government was eager to help. Apart from practical aid in the form of prospecting equipment,⁵ CRA was strongly supported by Territories in its desire to prospect larger areas of the Territory, an objective which required legislative amendment. In a letter to the Administrator of 7 December 1964, Warwick Smith wrote:

It is considered that experienced and financially sound companies, such as C.R.A., should be given every encouragement to carry out large scale mineral prospecting. Once minerals have been found in sufficient quantity to make exploitation an economic proposition the Administrator should be able to impose conditions that will ensure the greatest possible economic advancement of the Territory ... This matter is considered to be of the utmost importance and every effort should be made to ensure that the Ordinances are amended at the next session of the House of Assembly.⁶

This communication prompted an early sign that the plans of CRA and the Government might meet resistance. Ivo Wood (Chief, Division of Mines, Department of Lands, Surveys and Mines, PNG) phoned from Port Moresby on the same day, warning that the proposed amendment 'may not be readily accepted by the native members [of the House of Assembly] and any attempt to force it through ... could result in the native members being stubborn'.⁷ 'Large scale prospecting and mining', he argued, were 'new experiences for the indigenes and for this reason the native members might be reluctant to permit any change'.

When CRA became aware of this concern, it proffered a solution—the company 'might sponsor a visit by up to six Bougainville people to selected mining operations in Australia'.⁸ It was also suggested that the six should be accompanied by a person 'who enjoys the confidence of the Bougainville people', such as M.J. Denehy, the Assistant

1 Brief for Barnes by F.L. Ahrens, (Assistant Secretary, Economic Policy Branch, DOT), January 1966 (no precise date), NAA: A452, 1964/6550.

2 Letter, Maurice Mawby (Chairman, CRA) to Warwick Smith, 2 October 1964, *ibid.*

3 Letter, Haddon King (Director, CRA Exploration) to D.S. Grove (Director, Department of Lands, Surveys and Mines, PNG), 31 December 1964, *ibid.* It is likely that details of CRA's discovery were communicated to Government earlier than this; see file under reference for allusion to meetings between DOT and CRA between October and December.

4 Letter, Mawby to Warwick Smith, 2 October 1964, *ibid.*

5 See Letter, King to Grove, 31 December 1964, *ibid.*

6 Letter, Warwick Smith to Cleland, 7 December 1964, *ibid.*

7 Minute, F.S. Evatt (position unidentified, DOT) to anonymous recipient, 9 December 1964, *ibid.*

8 Letter, King to Cleland, 31 March 1965, *ibid.* At this stage, CRA made no distinction between the wishes of the people of Bougainville and the indigenous members of the House.

District Commissioner at Kieta. A tour of this nature, it was hoped, might 'assist in giving them some appreciation of the advantages that could result from exploratory work of the kind we are doing'. Barnes approved the idea and 'did not place much weight' on 'possible charges of "bribing" or "brain-washing" unsophisticated people'—charges 'which he thought were largely for consolidated Zinc to consider in any case'.⁹

Aside from local issues, CRA was anxious in the ensuing months to emphasise other elements of risk inherent in the proposed project and to set these against the potential profit to Australia and the Territory. In a letter of July 1965 to Prime Minister R.G. Menzies, CRA Chairman Maurice Mawby wrote that

A substantial copper mining operation in Bougainville would not only be of interest to us but would be of great economic benefit to the Territory. Moreover a development of this kind by an Australian organization would be a significant Australian contribution to the progress of the Trust Territory.

*Deposits of [a low-grade] type are, however, usually workable only on a large scale involving very heavy capital expenditure, and this implies a long period of tenure. The expectation that New Guinea will attain independence within the life of such an operation could raise political questions about which I may seek an opportunity to talk to you at the appropriate time.*¹⁰

Other communications placed the ongoing expense of exploration alongside the uncertainty of 'knowing whether the deposit will be economic'.¹¹

The major factor in CRA's thinking was evident in a letter of December 1965 from the Company to the Administration: '[we last week] saw Mr. Warwick Smith at Canberra ... and explained that we intended to have discussions with you in February with the object of determining conditions under which we would be able to operate ... [and with] the object of ultimately completing an agreement which would be ratified by the House of Assembly'.¹²

Meanwhile, the visit of Bougainville leaders to Australia had occurred over three weeks in September and October 1965. For CRA, the tour took on added importance given events in Bougainville during May. The people of Mainoki—reportedly incited by Catholic priests who believed the company to be exploitative—had 'strongly resisted efforts to establish a drill'.¹³ But the tour did not proceed smoothly. The group travelled to a number of mining centres, including the open cut mine at Mt Morgan, where one of the group, Mirintoro Taninara of Guava village, was "'terrified and required reassurance" as he envisaged that mining operations would result in the destruction of his land'.¹⁴ In Canberra, where discussions were held with Territories officials, the Bougainvilleans insisted that

9 Minute, Swift to G.O. Gutman (First Assistant Secretary, Economic Division, DOT), 26 May 1965, *ibid.*

10 Mawby to Menzies, 22 July 1965, *ibid.*

11 King to Warwick Smith, 24 August 1965, *ibid.*

12 F.F. Espie (General Manager, Industrial Division, CRA) to F.C. Henderson (Acting Assistant Administrator (Economic Affairs)), 17 December 1965, *ibid.* A letter of 28 January 1966 from Espie to Warwick Smith left little doubt as to CRA's purpose in highlighting these problems: 'It is hoped that the Government and the Administration will in the course of these [upcoming] discussions recognise the need to give every encouragement towards the establishment of a low grade operation of this kind in the Territory, which has an urgent need for an economic undertaking of this type, but where the political future is uncertain' (*ibid.*).

13 TIC paper no. 3/68, 'Situation report on the Bougainville District', 12 September 1968, NAA: A452, 1968/4999.

14 *loc. cit.*

the 'owners of the land should share in the royalties received by the Administration'; that 'companies should allocate a proportion of their profits to a local development fund' (with a figure of 25% floated); and that the Administration 'should spend a more reasonable proportion of available funds on developments in Bougainville than it has done in the past'.¹⁵ These claims were heard sympathetically—yet it was a response that was subsequently discounted within DOT: the officials had 'not [been] aware of the implications involved in promises of what rights or privileges might be enjoyed in relation to mining development'.¹⁶ (Barnes' spoke briefly with the Bougainvilleans prior to the meeting,¹⁷ though there appears to be no record of what he said.)

For its part, the group believed its requests 'were acceded to in principle',¹⁸ but these expectations were 'quickly dashed'.¹⁹ In a visit to the island in February 1966, Barnes told the Kieta local government council that landowners would not receive royalties²⁰ and he stated repeatedly that rights to minerals and their benefits belonged to PNG as a whole.²¹ An Administration report later commented that after this point 'Opposition hardened' and the 'people opposed any extension of activity to areas other than those where the Company was already established'.²²

15 Note for file by Ahrens, 30 September 1965, NAA: A452, 1966/458.

16 Minute, D.T. Lattin (Officer-in-Charge (OIC), Economic Policy Section, DOT) to Gutman, 10 February 1966, *ibid.*

17 TIC paper no. 3/68, 'Situation report on the Bougainville District', 12 September 1968, NAA: A452, 1968/4999.

18 Report by Denehy, 7 October 1965, NAA: A452, 1966/458.

19 TIC paper no. 3/68, 'Situation report on the Bougainville District', 12 September 1968, NAA: A452, 1968/4999.

20 Downs, *The Australian trusteeship*, p. 344, citing a speech of 9 March 1966 by Paul Lapun, MHA Bougainville open electorate.

21 *South Pacific Post*, 14 February 1966, NLA: NX 342.

22 TIC paper no. 3/68, 'Situation report on the Bougainville District', 12 September 1968, NAA: A452, 1968/4999.

10 RECORD OF CONVERSATION IN CENTRAL POLICY AND PLANNING COMMITTEE¹

Port Moresby, 7 February 1966

CONFIDENTIAL

The meeting opened at 2.00 p.m.

His Honour the Administrator stated that the meeting had been called to consider mining policy and legislation in the Territory and the special requirements of large scale operators in the mining field. His Honour commented on the comprehensiveness of the working papers prepared² and invited the A/Assistant Administrator (Economic Affairs)³ to open the discussion.

The A/Assistant Administrator (Economic Affairs) pointed out that the mining industry in the Territory is entering a completely new phase which must inevitably have a considerable impact on a wide range of Administration activities and policies not previously bound up with mining operations. The entry of large scale operators into the exploratory field and the possibility of the rapid development of large scale mining operations have highlighted the inadequacy of existing mining legislation and emphasised the need for immediate amendment of the existing legislation (pending the introduction of consolidated legislation to suit present day conditions) to provide greater flexibility to meet the needs of types of mining operation new to this Territory.

The A/Assistant Administrator (Economic Affairs) stated that amendment of the legislation will require a restatement of some accepted policies and acceptance of some new principles fundamental to the new legislation to be drafted. The main points of policy bearing on the proposed amendments were seen to be:

1. Recognition of Crown ownership of all minerals.
2. Recognition of the right of the Territory's elected political leaders to control the granting of long-term mineral leases.
3. Recognition of all landholders' rights to:—
 - (a) compensation of all assets on the surface in all stages of mining operations;
 - (b) compensation for loss of access to land;
 - (c) rent for land used for mining purposes;
 - (d) permission to enter at all stages of mining operations;
 - (e) lodge objections to the granting of prospecting permits before a Mining Warden Court.
4. That the public should be kept informed of the granting of all types of mining concessions.

1 Consisting of senior Administration officials, the Central Policy and Planning Committee (CPPC) was the Administration's most important policy forum.

2 Not printed.

3 F.C. Henderson.

The A/Assistant Administrator (Economic Affairs) conceded that amendment of the legislation along the lines he proposed introduced the risk of retrospective claims but expressed the view that any such claims could be handled satisfactorily and their numbers contained. In any event, said the A/Assistant Administrator (Economic Affairs), it is essential that the more blatantly undesirable features of the mining situation should be eliminated by amendment or repeal of existing legislation, where necessary, or the introduction of new legislation; and the longer the delay in rectifying the position, the greater the risk of seriously adverse public reaction.

The A/Assistant Administrator (Economic Affairs) concluded his opening remarks with specific reference to C.R.A.—the force and nature of the impact of its operations on the Territory, the scope of its exploratory activity, the extent of its financial commitment to date, the importance of its potential ultimate investment in the Territory, and its recognised need for some measure of security of investment before it becomes further committed. The A/Assistant Administrator stated that he was seeking approval in principle to discuss with C.R.A. principals and without prejudice the type of negotiated special agreement which, in cases where the Administration is satisfied that heavy capital expenditure is required to exploit a mineral field, would meet the needs of both the Administration and the operating company.

The Economic Adviser⁴ and the A/Treasurer⁵ stated that they supported the need for amendment of current legislation and did not question the desirability of retaining C.R.A. interest and attracting substantial capital investment; at the same time, it was suggested, ability to handle retrospective claims should be further examined. The A/Treasurer suggested also that the effect (by way of financial return and creation of employment opportunities) on the Territory's economy might warrant consideration.

Mr. Aitchison⁶ (vice Mr. McCarthy) supported certain of the A/Assistant Administrator (Economic Affairs)'s proposals but predicted that native landowners affected will argue that they have a right to profits (as distinct from mere compensation for loss of use of land) in minerals mined. Mr. Aitchison raised also the question of the level at which ownership rights would be determined: whether at the level of individual ownership of the land actually affected by mining operations or at the much wider level of community ownership. The one approach would effect a concentration of significant rewards in the hands of relatively few, and the other a spread of less significant rewards among many.

The complexities of the situation were acknowledged: the need for decisions on the basis for sharing profits and fixing compensation, the effect on the company's operations of anticipated or actual local opposition or resentment, etc.

His Honour suggested that, to facilitate comprehensive and orderly consideration of the factors involved, the Committee should debate the points of policy dealt with in the A/Assistant Administrator's summary:—

Point 1: recognition of Crown ownership of all minerals:

- *It was agreed* that this precept, already embodied in the statutes, could not be argued.

⁴ A.W. McCasker.

⁵ J.E. Ritchie.

⁶ First Assistant Director, Department of District Administration.

Certain difficulties associated with the principle could be foreseen but its acceptance could, it was felt, be assured with the development of a satisfactory approach to its statement.

Point 2: recognition of the rights of the Territory's elected political leaders to control the granting of long-term mineral leases:

- The proposal of the A/Assistant Administrator (Economic Affairs) was that Special Mining Leases (to cover comparatively large areas over long terms and under flexible conditions—i.e. leases of particular significance as distinct from the normal type lease) should be granted by the Administrator in Council following recommendations from the Mining Advisory Board. An alternative approach, not favoured by the A/Assistant Administrator (Economic Affairs), would be [a] grant by the Administrator with the approval of the Minister. This latter approach, stated the A/Assistant Administrator (Economic Affairs), would invite charges that the Government was excluding the people's elected leaders from deliberation on plans for exploitation of a national (T.P. & N.G.) asset; whereas involvement of the Administrator's Council would, it was felt, remove some of the political sting from possible opposition to Crown rights to minerals.

The A/Treasurer, in supporting the A/Assistant Administrator (Economic Affairs), expressed the view that the immediate disadvantages that would accompany involvement of the Administrator's Council in the grant process would be preferable to the long-term problems that would develop from exclusion of the Council, even though the Council's exclusion would make for easier and safer administration at the outset.

In opposition to the A/Assistant Administrator (Economic Affairs)'s proposal it was stated by the Economic Adviser that, as exploitation of mineral resources on a significant scale would have international, not merely national, implications, the involvement of the Commonwealth seemed inescapable at this stage. He therefore thought that the Minister's approval should be obtained.

His Honour, summing up, stated that, although he could see merit in the A/Assistant Administrator (Economic Affairs)'s approach, he felt that the limitations and disadvantages introduced in its adoption would be undesirable; His Honour felt that the likely international implications of large scale mining operations could not be overlooked. It should, he said, be borne in mind that, irrespective of the method of grant of the lease under the Mining Ordinance, the specific agreement with each company with regard to its rights would be placed before the House of Assembly for ratification.

On conclusion of discussion in the matter *it was agreed* that Special Mining Leases should be granted by the Administrator with the approval of the Minister.

Point 3: recognition of the landholders' rights as listed in the A/Assistant Administrator (Economic Affairs)'s summary:

- The Committee agreed that non-recognition of these rights would be indefensible.

The extent of the retrospective effect of such recognition was difficult to estimate at this stage.

It was agreed that the landholders' rights enumerated in the A/Assistant Administrator (Economic Affairs)'s summary should be recognised.

Point 4: that the public should be kept informed of the granting of all types of mining concessions:

- The A/Assistant Administrator (Economic Affairs) stated that this could be assured by arranging Warden's Sittings in the Districts affected by applications, in addition to customary gazettal notice of granting of concessions. (The proposal was seen to be somewhat inconsistent with the intention of excluding the Administrator's Council from involvement in deliberations on the grant of leases.)

It was agreed that the A/Assistant Administrator (Economic Affairs)'s proposal at Point 4 be adopted.

The points of policy having been cleared in Committee, it was agreed that approval in principle should be given for:

1. the immediate introduction of amendments to the two Mining Ordinances as set out in the A/Assistant Administrator (Economic Affairs)'s summary, including appropriate provision for the grant of Special Mining Leases by the Administrator with the approval of the Minister.
2. the commencement of work on consolidation of all Territory mining legislation.

His Honour directed that appropriate advice should be forwarded promptly to the Department of Territories in the terms of the approvals given and decisions reached at this meeting of C.P.P.C. with a view to introduction of amending legislation at the June 1966 sitting of the House of Assembly.

In conclusion, the A/Assistant Administrator (Economic Affairs) advised that discussions with C.R.A. had reached a point beyond which little could be achieved without more specific information from the company on its plans and requirements.

His Honour approved further discussion with C.R.A. principals without prejudice and without commitment at this stage.

The meeting closed at 3.05 p.m.

[NAA: A452, 1966/1445]

11 NOTES OF DISCUSSIONS BETWEEN THE ADMINISTRATION AND CRA¹

Port Moresby, 8–10 February 1966

CONFIDENTIAL

The present position and possible future development—

(A) BOUGAINVILLE AREA—GENERAL

C.R.A. is interested in 200 square miles of country ... in Southern Bougainville. Ore occurs in four areas marked pink on the small map.² The Company representatives confirmed that

¹ The meeting was attended, inter alia, by Henderson, Groves, Wood, Espie and King. Ahrens attended for DOT.

² Not printed.

the results of prospecting to date had indicated the possibility of large scale operations, treating low grade ore to yield copper sulphide concentrate for export.

Testing and feasibility studies covering the economics of the whole operation will take until the end of 1967 to complete. The Company expects to spend \$2m. on this phase of the work in the next 12 months.

The Company is now operating 4 drills on the main ore body at Panguna, testing to a depth of 1,000', but will increase the number of drills to 12 by the end of the year if the road is completed. With the completion of the road, drilling will go to a depth of 2,000'. Roadwork now in progress is being carried out by operators from the Snowy Mountains Authority who are striking considerable difficulties due to the high rainfall and terrain. The ore body will be worked on the open cut system and the main ore body will probably be 1¼ miles long and ¼ mile wide. With a batter of 1 in 3 to dispose of overburden, a considerable quantity of land will be taken up by purely mining operations. However, a greater problem will be the disposal of tailings when a mill is operating. 1,000 tons of tailings per hour or 10,000,000 tons per year will need to be handled. The Company wishes to dispose of the tailings by dumping them in the Kawerong River, and claims that Mt. Lyell has been disposing of tailings in this fashion for a number of years. It is claimed that the cost of controlled disposal is prohibitive.

The development of mining operations and mill to produce concentrates for export will cost \$100m., plus or minus 30%. The value of concentrates exported will be \$30m. to \$40m. per annum.

To export the concentrate, road access from the coast to the field will be required plus, possibly, a ropeway and powerlines. A port will be needed, also access to water for mining and staff purposes, and possibly hydro resources.

During the feasibility study, the staff requirements will be 120 Europeans plus 400 indigenous, which will probably be expanded by 30% by the first quarter of 1967. In the productive phase staff requirements will be of the order of 700 Europeans and 400 indigenous trained employees. The operations will be highly mechanised so there will be a minimum requirement for unskilled labour.

Because of the scale of the preliminary prospecting investigations and the range of the facilities required to develop the field, the Company requires, at an early date, assurances and guarantees from the Administration that land and services necessary to develop to the mining stage will be made available; such security is also necessary to enable contacts to be made with possible sources of lean capital. At this stage of the operation, C.R.A. can give indications of the type of facilities they will require but cannot give the specific location or the magnitude of their requirements.

[*matter omitted*]³

[A452, 1967/1107]

3 Matter omitted includes discussion of the CRA's tentative requirements, further details of which are described in the Company's initial written proposals (Document 19).

12 MINUTE BY DEFENCE COMMITTEE

Canberra, 10 February 1966

TOP SECRET

Review of defence situation in Papua/New Guinea

The Defence Committee noted the amended Review of the Defence Situation in Papua New Guinea, a copy of which is attached.

2. The Committee agreed that the amended review be used as a basis for the preparation of a Defence Committee paper to summarize defence views on the importance of Australia retaining responsibility for the defence of the Territory and the implications for defence of any changes in the constitutional status of the Territory. The summary would be intended for use by the Minister for Territories in a paper for Cabinet on the future of Papua/New Guinea.

Attachment

REVIEW OF DEFENCE SITUATION IN PAPUA/NEW GUINEA

INTRODUCTION

In 1963 the Defence Committee submitted to Cabinet an assessment of the Strategic Importance to Australia of New Guinea (Minute No. 4/63).¹

2. Since that time:—
 - a. Indonesia has assumed administrative control of West New Guinea (West Irian).
 - b. Indonesia has implemented a policy of military confrontation of Malaysia.² Arising from our support of Malaysia, Australian forces in Malaysia have been in conflict with those of Indonesia.
 - c. Indonesia has withdrawn from the United Nations.
 - d. Political advancement in Papua/New Guinea has given the indigenes a greater influence in the conduct of government.
 - e. A new Strategic Basis of Australian Defence Policy dated 15th October, 1964³ which takes account of the events indicated in (a) to (d) above has been approved.
3. The purpose of this paper is to provide, in response to a request from the Department of Territories, an up-to-date appreciation of the defence significance of New Guinea and related considerations. For convenience in this paper, the following definitions have been adopted:—

¹ Not printed.

² During Indonesia's 'confrontation' of the proposed federation of Malaysia, Indonesian troops were infiltrated into Malaya and British Borneo. Malaysia was formed in September 1963, and in 1964 took the ongoing problem of confrontation to the UN Security Council. See Moreen Dee (ed.), *Documents on Australian foreign policy: Australia and the formation of Malaysia, 1961–1966*, Canberra, 2005.

³ Not printed.

- a. Papua/New Guinea (PNG) = The Australian Territory of Papua which is in administrative union with the Trust Territory of New Guinea including the major islands of New Britain, New Ireland and Bougainville.
- b. West Irian = The Territory of West New Guinea.
- c. New Guinea = The island of New Guinea as a whole and major islands associated under the Australian/New Guinea administration i.e. (a) and (b) above.

INTERNATIONAL POLITICAL FORECAST

4. It is a major objective of Australian policy to influence events in New Guinea to ensure that the Australian Territory of Papua and the Trust Territory of New Guinea will become one country with a population and administration well-disposed towards Australia. A further objective is to ensure Papua/New Guinea is not left in a position of vulnerability to the expansionist aims of any foreign power, particularly Indonesia. In this latter regard the Australian Prime Minister in presenting a Ministerial statement on the Defence Review in May 1963 stated:—

‘...⁴ We have made this recent review in the light of our treaty arrangements, but particularly in reference to the security of our own country and of the Territories of Papua and New Guinea. We will defend these territories as if they were part of our mainland; there must be no mistaken idea about that.’

5. For geographical reasons it is to be expected that both Australian and Indonesian influences will be dominant in Papua/New Guinea and West Irian respectively as New Guinea develops. The differences in outlook between ourselves and Indonesia will lead to major differences in the rate, form and scope of development taking place in the respective territories and some conflict of interest between the two administering authorities is likely to become evident from time to time.

6. As the number of ‘colonies’ diminish, the attention of the United Nations with its very large anti-colonial majority will be increasingly focused on those that remain. As the administering authority of Papua/New Guinea, Australia is likely to be criticized and subject to pressures both external and internal. Our allies, in particular the United States, may not always support us on these questions and may even counsel compliance with demands of foreign countries in order to retain harmony and influence with those countries. External influences including communist pressures, are also likely to be directed towards the inhabitants of Papua/New Guinea, aimed at creating disaffection with the Australian administration. Internal pressures to hasten self government will develop as sections of the indigenous population become more nationally conscious.

Indonesia's interest in the Territory

7. The Joint Intelligence Committee has stated in its paper JIC (Aust) (65)56,⁵ dated August, 1965 that Indonesia's interest in the Territory of Papua and New Guinea is based on the following:—

‘a. *Desire for regional hegemony.* There is evidence that the region over which Indonesia desires hegemony includes the Territory. This is reinforced by formal Indonesian statements in 1963 that any change in the status quo of dependent territory in Indonesia's area of interest should be understood not only by the people concerned

⁴ Ellipsis in the original.

⁵ Not printed.

but also by neighbouring countries and that, if necessary, such changes should be the subject of discussion between the neighbouring countries. This statement taken together with Indonesia's self-declared leadership of the "New Emerging Forces",⁶ suggests that the Indonesian Government will wish to play an influential role in the future course taken by the Territory.

b. *Anti-colonialism.* Indonesia declares herself to be the leading opponent of colonialism in all its forms and wherever it may occur. Her exposition of anti-colonialism now extends to any instances of not "standing on one's own feet", i.e., any degree of dependence, military or economic, on a Western State. Because the Territory will continue to be dependent on Australia both militarily and economically for some time to come, Indonesia is likely to criticize this dependence and classify Australia as colonialist. For reasons of policy, however, Indonesia remains cautious about publicly describing Australia as colonialist vis-a-vis the Territory.

c. *Support of dissident movements.* Indonesia is committed in principle to support indigenous dissident movements against colonialist or neo-colonialist rule. She might well seek to foster such a movement in the Territory in order to provide her with an excuse for her open interest.

d. *Fear of encirclement.* Australia's military presence in the Territory is seen by Indonesia not only as a form of neo-colonialism, but also as part of British Commonwealth "encirclement". While there is no doubt some measure of sincerity in the "encirclement" argument, it is for the most part a cover for the pursuit of regional hegemony.

e. *Proximity and ethnic similarities.* Since West Irian and the Territory have a common border and the indigenous people on both sides are ethnically similar, an Indonesian interest in developments in the Territory is inevitable.

f. *Sensitivity to world opinion.* Indonesia is anxious that she should not appear to be lagging in the eyes of the rest of the world in her development of West Irian in comparison with the development of the Territory.⁷

WEST IRIAN

Political

8. Indonesia assumed administrative control of West New Guinea on 1st May, 1963. Under the agreement of 15th August, 1962, between the Netherlands and Indonesia,⁷ the inhabitants of West Irian should, not later than 1969, be given an opportunity to exercise 'freedom of choice', under arrangements in which representatives of the Secretary General of the United Nations Organisation will participate. Indonesia appears unlikely to honour this agreement.

9. From 1st May 1963, all political parties in West Irian were proscribed but in April, 1965, the ban was lifted and delegations from all the major Indonesian political parties including the PKI⁸ visited West Irian with a view to extending their activities into the

6 Coined by President Sukarno of Indonesia, the term referred to the anti-colonial movement as represented by newly independent countries.

7 Known as the New York Agreement (for text, see *Current notes on international affairs*, vol. 33, 1962, pp. 25-31).

8 Partai Komunis Indonesia—the Communist Party of Indonesia.

area. The effect of the recent upheavals in Indonesia⁹ on the ability particularly of the PKI to carry out this aim is not clear.

10. Since this transfer of administrative control there has been some movement of West Irianese seeking asylum in Papua/New Guinea and some cases of dissident action in the Manokwari and Biak areas.

11. Australia has taken diplomatic initiative to survey and mark the border but as a result of procrastination by Indonesian authorities little progress has been made.

Indonesian forces in West Irian

12. *Navy.* There are no Indonesian naval units stationed permanently in New Guinea although occasional visits are made by ships. Limited maintenance facilities exist at Biak and Manokwari.

13. *Ground forces.*

- a. Two infantry battalions (each approximately 700) (one contains 4–500 Papuans trained in Java).
- b. Small marine detachments on administrative or security duties.
- c. One Police Mobile Brigade battalion (approximately 1,000).
- d. A number of engineer teams employed on civic action tasks (each probably platoon strength).

14. *Air force.* There are no air force units stationed permanently in New Guinea but detachments of the AURI¹⁰ visit from time to time. The airfield at Biak is capable of operating all types of aircraft and Sukarnapura and Merauke could be used for all transport and piston engined aircraft but would impose limitations on the operation of medium bomber and jet fighter types. A number of smaller strips could be used for short range transport operations and operations by piston engined aircraft.

Australian/Indonesian relations over West Irian

15. Friction between Australia and Indonesia in respect of West Irian could develop in a number of ways, for example:—

- a. If as seems likely, Indonesia failed to give effect to the act of self-determination provisions of the agreement of 15th August, 1962.
- b. If significant numbers of West Irianese were to seek and were granted asylum in Papua/New Guinea.
- c. If Indonesian suppression of the indigenous people caused adverse public reaction in Australia or in Papua/New Guinea.
- d. If active encouragement or propaganda support were to be given from West Irian to disaffected or critical elements in Papua/New Guinea or vice versa.
- e. Because of possible difficulties in the control and demarcation of the border and because of the danger of human, animal and plant diseases being introduced into Papua/New Guinea.

9 A reference to political instability generated by an attempted coup in Djakarta, September 1965. See editorial note, 'The abortive coup', in Dee, *Australia and the formation of Malaysia*, p. 519.

10 Angkatan Udara Republik Indonesia—the Indonesian Airforce.

- f. Minor covert penetrations such as military aircraft overflights and patrols crossing the border either accidentally or deliberately.

The Australian reaction in such situations as the above might well have to give expression to strong views by Papua/New Guinea leaders as well as purely Australian considerations.

Strategic importance of West Irian

16. The strategic importance to Indonesia of West Irian lies mainly in its potentiality as a base for the conduct of activities or operations prejudicial to our interests. The strategic implications of Indonesian administration of West Irian are as follows:—

- a. Indonesian naval and air facilities in West Irian, particularly the air facilities at Biak, could extend the threat to the Australian mainland and our lines of communications with South East Asia in time of war.
- b. In the event of hostilities between Indonesia and Australia, enemy operations against Papua/New Guinea would be improved by the base facilities now held by Indonesia in West Irian.
- c. The incomplete control and inadequate definition of the border in some areas between West Irian and Papua/New Guinea could make it difficult for Australia to prevent infiltration across the border directed toward creating disaffection with our administration.

PAPUA/NEW GUINEA

Political

17. The Papua and New Guinea Act 1949 provided for the government of the Territory of Papua in an administrative union with the Territory of New Guinea, as the Territory of Papua and New Guinea. The Act provided for a Legislative Council, a judicial organisation, a public service and a system of local government. In 1962–63 the Act was amended to provide for the creation of a House of Assembly. The nature and timing of further political advancement now depends on the House of Assembly.

18. The majority of the politically conscious people of the Territory appear to accept at present that Australia's presence is an assurance of their right to decide their own future as they develop greater national unity when they so choose and is not an obstacle in the way of their aspirations.

19. Papua/New Guinea could become a source of increasing international interest and controversy with which Australia will be directly concerned. Although the Indonesian Government itself has not so far issued any official pronouncement specifically relating to the future of the Territory, during the past three years statements both public and private have been made which have been hostile towards the Australian presence, and reflect Indonesian interest in the Territory. In this context the Prime Minister's statement in paragraph 4 above that 'we will defend these Territories as if they were part of our mainland' is of particular importance.

20. Papua/New Guinea is geographically well placed as a source from which unsettling influences, particularly communism, could be extended into other Pacific Island territories, e.g. the Solomon Islands and New Hebrides. However at present Papua/New Guinea is virtually free of communism.

The threat from Indonesia

21. The threat from Indonesia to the Territory of Papua and New Guinea up to the end of 1970 is assessed by the Joint Intelligence Committee as follows (JIC Paper (Aust)(65)(56))¹¹:—

‘GENERAL

32. Indonesia will look to extend her influence over the Territory but her plans are long term and will be subordinated to her more immediate objectives.

THREAT IN A SITUATION SHORT OF LIMITED WAR

A. Confrontation of Malaysia continuing

33. If Indonesia seeks to maintain her relations with Australia at the present level she will probably limit her activity to the following:—

- (a) seeking to influence international opinion and opinion within the Territory against Australia’s administration;
- (b) becoming increasingly non-co-operative on matters affecting the common border;
- (c) engaging in psychological warfare directed against the administration and aimed at the indigenous population;
- (d) encouraging covertly the formation and operation of dissident groups, and supporting other deniable disruptive activities such as student demonstrations and criticism of the Administration’s activities.

34. A greater threat would be posed in the event of relations between Australia and Indonesia deteriorating, in which circumstances Indonesia could:—

- (a) step up the scale of her subversive activities;
- (b) carry out border harassment; and
- (c) attempt to encourage the development of insurgency (although insurgency itself is unlikely within the period).

The threat would also be increased in the event of the growth of widespread anti-Administration feeling in the Territory. We consider that such a situation is unlikely to arise in the next two years; we have no basis for assessing its emergence subsequently.

B. Confrontation ceasing

35. If for some reason Indonesia were to decide to cease her confrontation of Malaysia leaving her forces intact, she might pursue more actively her ambitions in respect of Portuguese Timor and the Territory. The extent to which she would pursue those ambitions would depend on the state of her residual relationship with Malaysia, on the continued presence or otherwise of Commonwealth forces in Malaysia, and on whether she gives prior attention to Timor. Although she would wish to avoid a limited war situation, Indonesia might be tempted to engage in confrontation activities against the Territory of the type employed in Borneo, but confined to a scale which

11 Not printed.

she judged would not result in U.S. intervention under the ANZUS Treaty.¹² While we are unable to say how far Indonesia would judge it safe to go we believe that any military activity across the frontier would probably not require more than small parties drawn from two battalions deployed in the border area.

Threat in limited war situation resulting from confrontation in Malaysia

36. In the unlikely event of limited war, overt military attack is improbable, but the possibility cannot be excluded of sporadic air and naval attacks against important bases, as well as against lines of communications in the area. Attacks by land forces would probably be small in scale and limited to the border region.

37. If Indonesia's offensive capability were substantially reduced as a result of limited war arising out of confrontation, the Indonesian threat to the Territory would be negligible for a considerable period.'

Strategic importance of Papua/New Guinea

22. *Economic.* Apart from the provision of about 13% of current Australian natural rubber requirements, Papua/New Guinea does not produce any strategic materials in significant quantities and from that point of view its loss would not be serious. Surveys are proceeding in the Territory for oil and minerals and their discovery in commercial quantities and exploitation could considerably increase the economic importance of the Territory. The expanded production of tropical commodities such as timber, copra, coffee and cocoa could be of value in time of war.

23. *Lines of communication.* So long as Australia maintains her policy of forward defence in South East Asia it will be essential to maintain secure lines of communication for the maintenance of the forces committed in support of that policy. The most direct strategic sea and air routes between Australia and South East Asia lie through or across the island chain which comprises Indonesia. The facilities which have been developed in Papua/New Guinea are essential for Australian Defence forces to bypass this area.

24. The use of these direct routes would be most advantageous in any Australian involvement in hostilities in South East Asia such as has occurred in Malaysia and South Vietnam. However, present policy for strategic movement is generally to avoid the territory of Indonesia and West Irian, together with the territorial waters and air space to which Indonesia lays claim.

25. In accordance with this policy RAAF aircraft staging to South East Asia use Cocos Islands as a refuelling base, but in the future should Cocos become unavailable due to enemy action, there would be a requirement to use airfields in Papua/New Guinea as staging points. Military shipping proceeding to South East Asia is in most cases now routed via Papua/New Guinea waters and Manus Island. There is a continuing requirement for unrestricted passage through this area whilst a forward defence posture is maintained.

26. An actively hostile Indonesia would make it more difficult, in the event of our operating in South East Asia, to maintain communication with United States forces in the areas of the Philippines and the North Pacific. Papua/New Guinea would be an

12 Signed on 1 September 1951, the Australia–New Zealand–United States security treaty (ANZUS) committed the three countries to consult and act in response to threats in the Pacific to the territorial integrity, political independence or security of any of the treaty partners. See Roger Holdich, Vivianne Johnson and Pamela Andre (eds), *Documents on Australian foreign policy: The Anzus Treaty 1951*, Canberra, 2001.

important link in this communication chain and its denial would make necessary the use of a circuitous east-about route.

27. *Value to Australia of base facilities in Papua/New Guinea.* In addition to the value of the facilities in the Territory of Papua and New Guinea, including Manus Island, in the maintenance of communications between Australia and South East Asia and between Australia and United States bases in the Pacific as discussed in paragraphs 23 to 26 above, the following factors are relevant:—

- a. Base facilities would be required for the conduct of defensive operations in the event of Indonesian covert or overt operations being initiated against Papua/New Guinea as assessed in the Strategic Basis and in JIC (Aust) (65) (56).
- b. In the event of a limited war situation involving Australia and Indonesia, our possession of base facilities in Papua New Guinea would have the following advantages:—
 - (1) They would assist in the neutralization of enemy base facilities in West Irian and in conducting operations west of the border.
 - (2) They would be useful to our anti-submarine forces in defending sea communications.

28. *Value to Indonesia of base facilities in Papua/New Guinea.* The possession of base facilities in Papua/New Guinea would assist Indonesia in the event of limited war with Australia as follows:

- a. They would be useful in connection with the employment of submarine forces against Australia's eastern seaboard.
- b. They would considerably improve their capability for air attack on Australia.
- c. They would deny an important link in our communications.
- d. They would expose Australia's important trade routes with Asia to interruption.
- e. They would assist in further expansion into the Pacific Islands chain to the eastward.

DEFENCE MEASURES IN PAPUA/NEW GUINEA

Expansion of forces

29. Plans are being put into effect to expand the defence forces in the Territory, particularly the indigenous forces. This expansion will give the forces some improvement in capability for surveillance of the border area and coastal waters, the defence of key points, maintenance of internal security, and limited defensive operations. Defence forces under the various service plans will continue to be based on direction, leadership and training by Australian Services personnel.

Navy

30. Headquarters of the Naval Officer-in-Charge, New Guinea, Sub-Area and a small maintenance depot, HMAS TARANGAU, are located at Manus and a recruiting office has now been established at Port Moresby. HMAS BANKS, a General Purpose Vessel, is based on Manus.

31. Five patrol craft will be deployed in the Papua/ New Guinea area beginning with one craft in January 1967, followed by two in March and two about November 1967. It

is intended that the force will eventually be completely manned by indigenous personnel, however, this will not be before 1975 at the earliest. Maintenance facilities will be available at Manus Island from early 1967. The craft will be based at Manus Island, with facilities also being provided to allow them to operate from Port Moresby and Madang.

Army

32. Headquarters Papua and New Guinea Command are located at Murray Barracks, Port Moresby. 1 Battalion Pacific Island Regiment is also located at Port Moresby and 2 Battalion is located near Wewak. A detachment of 1 Division Army Aviation Regiment is based in Papua/New Guinea.

33. A phased build up is planned to a total strength of 3,500 Pacific Islanders by July 1968. These forces will be organised into Headquarters Papua and New Guinea Command, three infantry battalions (the third to be based at Lae), a training depot and a composite logistic company comprising engineers, signals, supplies, transport, watercraft and other minor logistic elements. A small increase in Australian personnel is planned to provide the necessary training and administrative capacity.

34. Papua and New Guinea Volunteer Rifle (PNGVR), a Citizen Military Force Battalion, has its Headquarters at Port Moresby and detachments throughout the Territory. PNGVR is manned by eligible residents of the Territory of Papua/New Guinea regardless of racial origin.

Air force

35. There are no air force units permanently established in Papua/New Guinea but two Caribou aircraft are tasked in the area in support of Army operations. A resident air force officer of Wing Commander rank is permanently stationed at Port Moresby. Helicopters and other aircraft have undertaken training flights in the Territory and air exercises have been conducted periodically.

[matter omitted]¹³

Defence significance of civil Projects

37. There is no doubt that the general civil development of the Territory will provide improved facilities for defence. This applies especially to communications, where a particular requirement exists now for improved communications between Daru and Port Moresby, and in the border area. The development of road communications particularly in the vicinity of ports and airfields, and the further development of aviation and port facilities are important. Efforts should be made to ensure that priority is given to the establishment of an adequate telecommunications system throughout the territory.

Intelligence arrangements

38. To provide warning of infiltration or subversion, a Local Intelligence Committee, T.P.N.G., was established on the 5th May, 1965, under the chairmanship of a senior officer of the Administration, with representatives of the Special Branch, ASIO and Army as members. Other Services and the Department of External Affairs are represented when they so desire. The Committee was formed to meet the intelligence requirements of the Administrator and JIC (Australia). Its terms of reference include advice and reports on

¹³ Matter omitted refers to works projects planned, in progress or completed as part of a services expansion program in PNG.

internal intelligence and production of assessments and studies as requisite. Its effectiveness is dependent to a large degree on the provision of the additional communication facilities referred to above.

39. In the light of recent Defence discussions between Australian, British and New Zealand Ministers¹⁴ it is clear that New Guinea and the bases located there are likely to become of even greater importance to the future defence of Australia. It is therefore of continuing importance that timely and accurate intelligence be available on such matters as the security of the border, developments in West New Guinea, basic military intelligence, and the activities of individuals and organisations hostile to the interests of eastern New Guinea and Australia.

Contingency plans

40. Joint Service and single service contingency planning is being developed to meet covert activities by Indonesian forces in the border area.

Base requirements

41. The base facilities existing or planned for the Services in Papua/New Guinea are primarily designed to support operations against Indonesian covert activities and to facilitate sea and air movement to South East Asia, and to meet the foreseeable requirements of indigenous forces.

42. In the event of an escalation of covert activities and a Borneo-type confrontation occurring, or overt military operations developing in the event of limited war, the existing and planned base facilities would require further development. However the assessed threat to Papua/New Guinea until 1970 does not warrant action to provide these additional base facilities at this stage, but should be kept under review.

Future defence arrangements

43. *ANZUS Treaty*. On the question of application of the ANZUS Treaty to the defence of Papua/New Guinea, the Strategic Basis of Australian Defence Policy states (paragraph 61):

‘The ANZUS Treaty does not cover mutual military assistance in the event of a covert situation such as could arise in Papua/New Guinea. The United States will expect Australia to handle any covert situation that could arise in Papua New Guinea with its own resources. The ANZUS Treaty would still cover an overt attack on Australian forces in Papua/New Guinea, but would apply to Papua/New Guinea itself only whilst it remains an Australian territory.’

44. As long as Papua/New Guinea remains Australian Territory, Australia has a responsibility to defend it. Should Papua/New Guinea become politically independent, for reasons stated in this paper Australia’s special defence interests must be safeguarded in order to ensure the external defence of the Territory and also to protect Australia’s national security, therefore Australia would require to negotiate suitable defence arrangements. These arrangements should include definition of the following:

- a. commitment to defend the Territory against overt or covert aggression
- b. retention of present and planned base and transit facilities in the Territory; and
- c. the right to maintain forces as required in Papua/New Guinea.

¹⁴ Defence talks had been held in Canberra on 1 and 2 February.

45. The significance of the above arrangements for the protection of Australia's national security emphasises the importance of developing and maintaining in the Territory a cohesive population and administration which will remain well disposed towards Australia after full self-government or independence is achieved. In this connection it will be necessary in anticipation of any final political decision in Papua/New Guinea to ensure by periodical review that the indigenous forces are in the best possible defence posture to meet their future requirements.

Interrelation of civil and defence policies

46. *Morale and goodwill.* There is a strong defence interest in the vigorous prosecution by the Australian Administration of policies which will develop good relations generally between Australia and the indigenous population of the Territory and in particular in preserving the morale of the armed services and the police in whom will eventually be vested responsibility for the defence of and the preservation of law and order within the Territory. The Committee considers it especially important that the respective policies affecting civil development and defence measures within Papua and New Guinea are so aligned and implemented that anomalies are least likely to arise. This is particularly the case in regard to social conditions affecting for instance housing, pay, rations and leave within civil industry, the civil administration, the armed services and the Royal Papua and New Guinea Constabulary. Experience over the last five years has shown that while every effort is being made to improve the standard of education and living conditions of the indigenes it is not always apparent to the majority of the relatively unsophisticated people of the Territory that justice is being done in terms of conditions of service as between the various employment groups, e.g. civil administration and Pacific Islands Regiment. The result has frequently been confusion in the mind of the individuals and, in some cases, group violence and defiance of authority. In attempting to harmonise policies affecting conditions of service of indigenes vis-a-vis expatriates the difficulties are recognised, particularly when the two categories work together, but by close consultation between Departments concerned and by co-operation in preparing the minds of those concerned the difficulties might be alleviated.

47. *Physical developments.* Considerable constructional work on essential defence projects is proceeding or is planned in Papua and New Guinea, (vide para 36 above) and a significant proportion of local resources of manpower and material have been apportioned to this activity. The stage has been reached where civil contractors on defence projects are forced to import labour from Europe to supplement the local work force. Simultaneously a requirement exists for large scale developmental works of a civil nature in the form of housing, schools, roads, communication systems and transportation facilities and although some physical progress on those projects is apparent it may seem to many local inhabitants that the accent on defence works is disproportionate and in the interests of civilian morale it may be necessary to increase the tempo of construction of civil facilities. In this context it is noteworthy that the armed services are at present assisting in development of the Territory in such operations as road construction, topographical survey, mapping, airfield construction and port facilities for civil use. From the above considerations it follows that the optimum balanced use of available resources will require co-ordination of Administration, Defence and other works programmes within the Territory.

CONCLUSIONS

48. The Defence implications for Australia of New Guinea may be summarised as follows:

a. *Political significance* (paragraphs 17–20 above)

The Territory of Papua/New Guinea is of political significance to Australia because:

- (1) Under the existing mandate Australia has a responsibility to develop the Territory to the betterment of the indigenous population. In so doing she is under the scrutiny of international bodies and is subject to criticism particularly from communist countries and by the so-called ‘newly emerging forces’.
- (2) It is important that the Papua/New Guinea Government remains friendly to Australia especially in view of the potential Indonesian threat.
- (3) It is most important that communist influence should be excluded from the Territory and that it should not become an area from which unsettling influence could be extended into other Pacific Island Territories.
- (4) Australia’s stated policy (see the Prime Minister’s statement in paragraph 4 above) is that Australia will defend the Territory as if it were part of the mainland.

b. *Strategic importance*

- (1) *Of West Irian* (paragraph 16 above)—The strategic importance of West Irian under Indonesian control lies mainly in its potential as a base for the conduct of activities or operations prejudicial to our interests, in particular,
 - (a) against the Australian mainland and our lines of communication with South East Asia in time of war;
 - (b) in the event of hostilities between Indonesia and Australia, against Papua/New Guinea;
 - (c) because of difficulties in demarcation and control of the border, infiltration is possible at any time which may be directed toward creating disaffection with our administration.
- (2) *Of Papua/New Guinea* (paragraphs 22–28 above)—Papua/New Guinea is of strategic importance to Australia for the following reasons:
 - (a) *Economic*. The expanded production of tropical commodities such as rubber timber, copra, coffee and cocoa could be of value in time of war. Discovery of commercial quantities of oil or exploitation of minerals could increase the economic importance of the Territory.
 - (b) *Lines of Communication*.
 - i. As long as Australia maintains her policy of forward defence in South East Asia it will be essential to maintain secure lines of communication for the maintenance of forces committed in support of that policy. The most direct sea and air routes between Australia and South East Asia lie through or across the island chain which comprises Indonesia. The facilities which have been or are being developed in Papua/New Guinea are essential for Australia defence forces to by-pass this area.
 - ii. An actively hostile Indonesia would make it more difficult, in the event of our operating in South East Asia, to maintain communications

with United States forces in the areas of the Philippines and the North Pacific. Papua/New Guinea would be an important link in this chain.

(c) **BASE FACILITIES IN PAPUA/NEW GUINEA.** In the event of Indonesian activities against Papua/New Guinea, Australia would require base facilities in Papua/New Guinea for defensive purposes. In the event of limited war involving Australia and Indonesia, Australian control of base facilities in Papua/New Guinea would have considerable advantages for Australia both for defensive purposes and also offensive activities against Indonesian base facilities in West Irian; conversely, Indonesian control of bases in Papua/New Guinea would pose a threat to Australia.

c. *Defence measures in Papua/New Guinea* (paragraphs 29–44)

(1) *Forces*—Plans are being put into effect to expand the defence forces in the Territory, particularly the indigenous forces, to give a capability of surveillance of the border area and coastal waters, defence of key points internal security and limited defensive operations.

(2) *Service works projects*—A services expansion programme in the Territory covering Naval support facilities, barracks, roads, airfields etc. (see paragraph 36) is underway.

(3) *Civil projects*—The general civil development of the Territory will provide improved facilities for defence e.g. the development of road communications in the vicinity of ports and airfields and the further development of aviation, port and adequate telecommunications facilities.

(4) *Intelligence arrangements*—A Local Intelligence Committee T.P.N.G. has been established to provide warning of infiltration and subversion. The likely increase in the importance to Australia of bases in Papua/New Guinea emphasises the need for adequate arrangements to secure timely and accurate intelligence in the area.

(5) *Contingency plans*—Joint and single service contingency planning is being developed to meet covert activities by Indonesian forces in the border area.

(6) *Base facilities*—In the event of escalation of covert activities, or overt military operations developing, the existing and planned base facilities would require further development. However the assessed threat to Papua/New Guinea until 1970 does not warrant such action at this stage, but should be kept under review.

d. *Future defence arrangements*

Notwithstanding the provisions of the ANZUS Treaty (paragraph 24 above):

(1) As long as Papua/New Guinea remains Australian territory, Australia has a responsibility to defend it.

(2) Should Papua/New Guinea become politically independent, in the interests of national security as well as security of the area, we should endeavour to negotiate defence arrangements to include the rights and responsibilities defined in paragraph 43 above.

(3) In anticipation of any final political decision in Papua/New Guinea it will be necessary to ensure by periodic review that the indigenous forces are in the best defence posture to meet their future requirements.

e. *Civil and defence policies*

In the interests of Australian defence, as well as the defence of the area, it is important that access to the Territories and its base facilities be maintained. This is particularly important while there is uncertainty regarding Australian/Indonesian relations. From the Defence aspect therefore policies should seek to ensure the development and maintenance in the Territory of a cohesive population and administration which will remain well disposed towards Australia. In the longer term this could facilitate the negotiation of defence arrangements if Papua/New Guinea became politically independent (para 47(d)2 above). In the shorter term there is a strong defence interest in the vigorous prosecution by the Australian Administration of policies which will develop good relations generally between Australia and the indigenous population of the Territory and in particular in preserving the morale of the armed services and the police.

[NAA: A1946, 1968/838]

External Affairs views on constitutional change in PNG

During preparation of the External Territories Cabinet submission on constitutional development (Document 5), the issue received considerable attention in the Department of External Affairs. Its Minister, Paul Hasluck, had been Barnes' predecessor and therefore retained a strong interest in the Territories portfolio. Before leaving on an overseas trip, he commented on the international implications of the submission:

our strongest position will come from seeking the recommendations of a Committee of the House of Assembly and in ensuring that these recommendations are the considered views of the representatives freely elected by the people; and that they shall be seen publicly to have been arrived at freely and after full study. I would think there would be advantage if, the House of Assembly Committee having made a report and published it, another election should intervene before the House of Assembly makes a decision on the report. Thus the whole electorate would have a chance of expressing a view.¹

In passing these remarks to Sir Robert Menzies, who was acting for Hasluck, senior DEA official Malcolm Booker added that while Territories had not argued that constitutional changes would have to be made before 1968, 'Cabinet might nevertheless wish to bear in mind the desirability of presenting any proposed changes for public discussion during the 1968 election [for the Papua New Guinea House of Assembly] rather than implementing them before it'.²

Booker pursued the issue further in a minute to Hasluck of 14 January 1966.³ Noting that paragraph 8 of the submission quoted the Select Committee's expectation that the Australian Government would consider changes before the 1968 elections, Booker wrote that

It seems possible that it might become an established assumption that some changes will in fact be introduced before the elections. It might therefore be desirable for Cabinet to make it clear that this is not a certain assumption.

With regard to the ultimate status of PNG, he expressed similar sentiments, arguing that while Barnes might want to bring a further submission to Cabinet in the near future 'It might be unwise to assume that decisions on the difficult problems involved, which include important international aspects, could be made in the next few months'. 'Here again', he continued, 'it might be undesirable to allow undue expectations to arise in regard to the extent to which the Australian Government will be able to make commitments as to its long term policies'. On interim arrangements, Booker believed that these could—contrary to the contention in the submission (paragraph 14(vi))—unduly determine the nature of final constitutional arrangements: 'Once development has been commenced according to a particular pattern there is pressure both internally and internationally for the rapid completion of the pattern'. It followed that Australia should 'proceed cautiously', perhaps avoiding the establishment of indigenous ministerial authority 'even in limited fields'. But the Secretary of External Affairs, Sir James Plimsoll, had a different view. He commented to Hasluck that Booker was 'more negative than I would be'; 'We need some caution', he maintained,

but not to tie our hands if things develop a momentum of their own. The new confidence of New Guinea peoples is in fact a vindication of what Australia has done over the past fifteen years. If they are going to make some mistakes, it is well for them to do so while we are still there to help patch up again'.⁴

Hasluck initialled the minute, but made no written comment.

1 Cited in minute from Booker to Menzies, 8 December 1965, NAA: A1838, 936/5 part 6.

2 loc. cit.

3 Minute from Booker to Hasluck, 14 January 1966, NAA: A1838, 936/5 part 4.

4 Marginal note by Plimsoll on minute, Booker to Hasluck, 14 January 1966, *ibid*.

13 CABINET DECISION NO. 23

Canberra, 15 February 1966

CONFIDENTIAL

Submission no. 1—Papua and New Guinea—constitutional development¹

Subject to the observations in the succeeding paragraphs of this Decision, the Cabinet approved the general approach set out in the Submission and the particular recommendations—

- (a) that if the Select Committee's enquiries disclose that there is a strong and widespread popular support for early constitutional changes in Papua and New Guinea towards increased participation in the executive government by elected members, changes in harmony with the principles set out in paragraph 14 of the Submission to apply immediately after the general election in 1968, would be acceptable; and
- (b) that if there is strong support for changes in the present composition of the House of Assembly, the official attitude might follow the lines set out in paragraphs 21, 24 and 26 of the Submission.

2. It was noted that the reference in paragraph 5, which would appear to suggest authority for Parliamentary Secretaries to direct the overall activities of their Departments, was not intended to be read as substituting the Parliamentary Secretary for the Administrator, whose responsibility for policy would remain.

3. Concerning paragraph 12 of the Annex dealing with the estimates, it was agreed by the Cabinet that, contrary to the proposal in the paragraph, it would be desirable not to submit the draft Budget estimates for the Territory to the Administrator's Council for advice before the estimates are passed to the Minister for Territories.

4. The Cabinet noted the possibility referred to in paragraph 17 of the Submission of division of the Territory Budget so that local revenues of the Territory would finance a specified area of activity. It decided that no decision in this sense should be taken, but agreed that the Minister for Territories might keep the matter under review, keeping in mind the objective of progressively decreasing the proportion of Commonwealth grant to total Budget and increasing the financial responsibility of the House of Assembly.²

[NAA: A1838, 936/5 part 4]

¹ Document 5.

² The substance of the Cabinet decision was conveyed by Warwick Smith to Cleland in a letter of 8 March (NAA: A452, 1966/4576).

14 MINUTE, BOOKER TO PLIMSOLL

Canberra, 16 February 1966

SECRET

Papua and New Guinea: constitutional developments

The attached notes on the question of future constitutional arrangements in respect of the Territory of Papua and New Guinea are intended to bring out some of the issues which are either not mentioned or not faced in the draft Cabinet submission prepared by the Department of Territories.¹ They are not, of course, intended to set out a definitive External Affairs position.

2. Defence matters are only touched upon in the notes but it is intended that these aspects will be dealt with more fully in the comments which will be prepared on the paper which is to be presented to the Defence Committee tomorrow.²

3. The Department of Territories has indicated that it intends to call an interdepartmental meeting to discuss the draft submission.³ It is *recommended* that the attached notes be taken as a guide to the questions which might be raised by this Department at the meeting (or, as opportunity offers, in direct discussion with the Department of Territories).

1 Draft under reference is presumably that of 9 February 1966 in NAA: A1838, 936/5. Final is Document 25. For background to the submission, see editorial note 'PNG's constitution and ultimate status: debate in Port Moresby and Canberra'.

2 Consolidated departmental comments on the Defence Committee paper (of which the final version is attachment to Document 25) have not been found. However, Jockel provided Plimsoll his own assessment of the earlier Defence paper (attachment to Document 12). Inter alia, he remarked: '[the paragraphs on] the importance of Papua/New Guinea to Australia's defence interests ... lead me to think that we should be more relaxed in our thinking on this subject ... I do not believe we should allow defence questions to dominate our thinking about the political and constitutional future of the Territory. I also think we should be clearing our minds about the type of defence arrangements we want in the future ... For political, historical and sentimental reasons Australia will no doubt accept continuing obligations for the defence of Papua/New Guinea as long as the New Guineans want us to do so. For defence reasons we will wish to have a defence connection with Papua/New Guinea for the dual purpose of containing Indonesia and ensuring our lines of communication with South East Asia and with United States bases in the Pacific ... Do we need a permanent, resident Australian defence presence in Papua/New Guinea in order to deter Indonesia? ... What military presence and what facilities do we need in Papua/New Guinea in order to ensure our lines of communication? ... should Papua/New Guinea become independent ... we should aim at the minimum defence presence ... Similarly, with respect to a treaty arrangement, I think in terms of something simple and flexible and not in terms of an elaborate and detailed defence agreement which would (i) impose heavy and automatic bilateral commitments upon us and (ii) highlight the question of the retention of Australian bases for Australian purposes' (attachment to minute, 16 February 1966, NAA: A1838, 696/3/3 part 4).

3 A meeting appears not to have occurred prior to circulation of the final submission. A draft paper written by Richard Smith (Dependent Territories Section, DEA), under cover of a minute of 11 March from Booker to Jockel (11 March 1966, NAA: A1838, 936/5) reads: 'We have not been able to discuss substantively with the Department of Territories the present draft, or the one earlier draft which we were able to sight'.

Attachment**PAPER BY BOOKER**

Canberra, 15 February 1966

SECRET

THE FUTURE CONSTITUTIONAL RELATIONSHIP BETWEEN AUSTRALIA AND THE
TERRITORY OF PAPUA AND NEW GUINEA

COMMENTS ON DRAFT CABINET SUBMISSION

It is assumed in these comments that it is in Australia's general interest that the people of Papua and New Guinea should remain friendly to Australia; and that we should be able to maintain such defence installations in the Territory as are necessary for the security of the Territory and of the mainland of Australia.

2. These requirements are the more likely to be met the closer the relationship with Australia, and it follows therefore that we should seek the closest relationship that is politically feasible and acceptable.

3. In essence the choice ultimately is between full integration in the Commonwealth, or independence with, if possible, long-term treaty relationships. There will no doubt be an intermediate stage in which there will be a growing degree of self-government with sovereignty residing in Australia, but it is assumed that this cannot be regarded as a permanent solution. Internal and external pressures will necessitate a choice being made between independence or integration in Australia.

4. Full integration in the Commonwealth could consist of integration as a territory with less than full state rights; or of full statehood. It is assumed that full integration of Papua and New Guinea as a dependent territory is not now a practicable proposition—if only because in exercising their right to self-determination, which the Australian Government has already conceded, the people of the Territory would be unlikely to choose this. It is conceivable, however, that the people might choose statehood if it gave them full equality with the people of Australia. It is also conceivable that such a choice, demonstrably exercised in full freedom, would be acceptable to international opinion.

5. What would {full statehood} involve? In brief:

- i. Full rights as Australian citizens, including free movement throughout Australia, full social service benefits, and equal wage standards.
- ii. Representation in Parliament and Cabinet proportionate to population (at the present time Papua and New Guinea would be the third largest state);
- iii. Equal access to the Commonwealth Public Service and to the armed forces.
- iv. Full interstate free trade.

6. Papua and New Guinea could only be made a state of the Commonwealth if this were agreed at a referendum. It seems unlikely, in view of the abovementioned requirements, that this would be acceptable in present circumstances to the majority of the Australian people. In other words the Australian people would be unlikely to accord to the people of Papua and New Guinea full equality in all respects with themselves.

7. Any form of integration with Australia in which the people of Papua and New Guinea had less than full rights would mean that they would be neither *independent* nor *equal*. It would be unrealistic to assume that such a situation could for long be acceptable to the people of the Territory or to international opinion, or indeed to Australian domestic opinion.

8. The only practical course, therefore, seems to be to encourage the people of the Territory to look forward to sovereign independence, but at the same time to accept a close association with Australia established by treaty and other contractual means. In such a relationship a special status could be accorded to Papuans and New Guineans vis-a-vis Australia but this would be given as a privilege and not as a right and its extent would thus be subject to Australia's own control.

9. A further theoretical alternative exists, namely that a decision be deferred until the people of the Territory have progressed to the stage at which their standards are within reach of Australian standards. Integration as a state might then be both feasible and acceptable. In view of the pace, however, at which constitutional advance is already moving, it is not realistic to assume that such a long deferment would be practicable.

10. Having accepted that the ultimate status for Papua and New Guinea should be sovereign independence with a contractual (and not a constitutional) relationship with Australia, it is clear that a wide range of possibilities remain open to us. The contractual relationship could embrace defence matters, financial aid, trade relationships, discharge by Australia on behalf of Papua and New Guinea of responsibilities in international relations, and so on. Provision could even be made for special immigration status or for participation in Australian social services. The precise scope of this relationship would, however, be the result of practical evolution and it would be unwise and indeed impossible to attempt to define it in detail at the present time. On the assumption, however, that the relationship covered such general questions as defence, aid and trade, international acceptance of such an arrangement would not be hard to obtain (see attached paper for general consideration of United Nations aspects).

11. The question arises as to whether some target date might be set for the achievement of the relationship described above.

12. The acceptance of a target date would be well received internationally and if it is true, as suggested above, that integration with Australia would be unacceptable from our own point of view it might be to our advantage to accept in the near future that a date be set for an act of self-determination by the people of the Territory, and that it be our expectation that they {would} choose independence. This might help to prevent the building up in the Territory of pressure in favour of statehood. Moreover, it would enable us to forecast more clearly what our own requirements would be in terms of a contractual relationship at the prospective date of independence. (For example, if a target date of ten years from now is chosen it might be possible to estimate what installations etc. we would be likely to need in the Territory at that time.)

13. It needs to be borne in mind, however, that international acceptance of the independence of Papua and New Guinea will not solve all our problems or relieve us of all international pressure. There will undoubtedly continue to be demands that we give free immigration access to the people of the Territory. We will no doubt be under pressure to accord at least the same treatment as the New Zealanders have accorded to the people of Western Samoa. Internationally it must be regarded as likely that restrictions we impose on the movement

of Papuans and New Guineans to Australia will be merged in, and reinforce, the general criticism of our⁴ immigration policy.

14. It must also be expected that pressure will be maintained on us to continue and even to expand our economic aid to the Territory—this will no doubt be merged in the broad international campaign for the transfer of resources from the ‘have’ to the ‘have not’ countries.

15. In regard to defence arrangements we must also expect the same kind of criticism that other former colonial powers now receive in regard to the maintenance of military bases in the territories previously under their control; and we must expect that, as elsewhere, this will have repercussions among the people of the Territory that might in the long run undermine any arrangements we have in this respect.

16. On the whole it seems reasonable to assume that the pressures upon us to make concessions in all fields to the people of Papua and New Guinea will be more easily resisted if they have been granted sovereign independence than if they retain the status of a dependent territory or are integrated into the Commonwealth. On the other hand the contractual relationship with Australia will be revocable by the people of Papua and New Guinea, and it is conceivable that ultimately it might be replaced by relationships with other countries. (Indonesia is, of course, the obvious possibility.) In defence, therefore, it might be wise to assume that in the long run the security of the mainland of Australia might have to be maintained without access to the Territory of Papua and New Guinea. (Defence aspects are dealt with more fully in the attached paper.)⁵

Attachment ‘A’

PAPER BY SMITH

Canberra, undated

SECRET

UNITED NATIONS ASPECTS OF DRAFT CABINET SUBMISSION PREPARED BY DEPARTMENT OF TERRITORIES

The following are comments on the United Nations aspects of the draft Cabinet Submission prepared by the Department of Territories on ‘Papua and New Guinea— Ultimate Status’. The comments take account of our obligations under the United Nations Charter and the Trusteeship Agreement for New Guinea, and of the views expressed by the General Assembly and the Trusteeship Council. They are also made in the light of the declared principle of Australian policy that the political future of TPNG will be chosen freely by the people and will not be pre-determined by Australia.

2. In our view the treatment in the submission of international aspects (paragraphs 37–40 entitled ‘United Nations’) needs amplification. Paragraph 40 of the submission appears to take the view that ‘close association’ would not satisfy the United Nations, but it is not possible to forecast this until the nature of this association has been defined. In general it might be said that opinion in the United Nations will be affected by whether

4 The word ‘discriminatory’ was here struck through.

5 Presumably the paper mentioned in paragraph 3 of Booker’s minute to Plimsoll.

a free choice has been exercised and by the extent to which the association grants equal rights to the people of the Territory.

3. If we are to carry out the obligations which are imposed by the Charter and the Trusteeship Agreement, and if we are not to provide critics in the United Nations with a focal point of attack, it will be necessary for us to secure the agreement of the United Nations to the status which the Territory is to achieve. It would in any case not be in Australia's interests to adopt a policy which would indefinitely permit the United Nations to debate the affairs of the Territory and by inevitable extension the internal affairs and policies of Australia itself.

4. In respect of the Territory of Papua, the obligation derives from Article 73 of the Charter, the material parts of which read:

'Members of the United Nations which have or assume responsibilities for the administration of territories whose peoples have not yet attained a full measure of self-government recognize the principle that the interests of the inhabitants of these territories are paramount, and accept as a sacred trust the obligation to promote to the utmost, within the system of international peace and security established by the present Charter, the well-being of the inhabitants of these territories, and to this end: ...⁶

(b) to develop self-government, to take due account of the political aspirations of the peoples, and to assist them in the progressive development of their free political institutions, according to the particular circumstances, of each territory and its peoples and their varying stages of advancements ...

5. In respect of the Trust Territory of New Guinea, the obligation appears from the terms of Article 76, the material parts of which read:

'The basic objectives of the trusteeship system in accordance with the Purposes of the United Nations laid down in Article 1 of the present Charter, shall be:...

(b) To promote the political, economic, social, and educational advancement of the inhabitants of the trust territories, and their progressive development towards self-government or independence as may be appropriate to the particular circumstances of each territory and its peoples and the freely expressed wishes of the peoples concerned, and as may be provided by the terms of each trusteeship agreement;'

and from the Trusteeship Agreement which defines Australian undertaking more closely. Article 3 of the Agreement reads as follows:

'The Administering Authority undertakes to administer the Territory in accordance with the provisions of the Charter and in such a manner as to achieve in the Territory the basic objectives of the international trusteeship system, which are set forth in Article 76 of the Charter.'

6. Relevant also in this connexion is Article 85 of the Charter, which states:

'1. The functions of the United Nations with regard to trusteeship agreements for all areas not designated as strategic, including the approval of the terms

⁶ Ellipsis and those following are in the original.

of the trusteeship agreements and of their alteration or amendment, shall be exercised by the General Assembly.

2. The Trusteeship Council, operating under the authority of the General Assembly, shall assist the General Assembly in carrying out these functions.’

7. Relevant also are the provisions of General Assembly Resolutions 1514⁷ and 1541⁸ (referred to in the draft submission). The draft states that the difference in status of the two territories ‘no longer has such practical importance in U.N. eyes’. While this is true, there is still a distinction of some importance between the two territories in relation, on the one hand, to the Committee of Twenty-four set up under Resolution 1514, and, on the other, to the Trusteeship Council.

[*matter omitted*]

11. The status of ‘close association’ proposed in the draft submission would only accord with this if it provided for the status of the Territory to be altered by the people of the Territory.

12. The two resolutions are not inconsistent as stated in the submission—1514 provides that if dependent peoples expressly desire independence, it should be given to them forthwith, and that this should not be delayed or qualified; but if dependent peoples want one of the courses provided in 1541, that resolution sets out how these may be put into effect.

13. There is also no area of disagreement about whether 1541 applies to Trust Territories; since the resolution is concerned with the transmission of information under Article 73e, and Article 73e *specifically excludes* Trust Territories, it clearly does *not* apply to

7 The operative paragraphs of resolution 1514, adopted by the General Assembly on 14 December 1960, read as follows: ‘The General Assembly ... Declares that: 1. The subjection of peoples to alien subjugation, domination and exploitation constitutes a denial of fundamental human rights, is contrary to the Charter of the United Nations and is an impediment to the promotion of world peace and co-operation. 2. All peoples have the right to self-determination; by virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development. 3. Inadequacy of political, economic, social or educational preparedness should never serve as a pretext for delaying independence. 4. All armed action or repressive measures of all kinds directed against dependent peoples shall cease in order to enable them to exercise peacefully and freely their right to complete independence, and the integrity of their national territory shall be respected. 5. Immediate steps shall be taken, in Trust and Non-Self-Governing Territories or all other territories which have not yet attained independence, to transfer all powers to the peoples of those territories, without any conditions or reservations, in accordance with their freely expressed will and desire, without any distinction as to race, creed or colour, in order to enable them to enjoy complete independence and freedom. 6. Any attempt aimed at the partial or total disruption of the national unity and the territorial integrity of a country is incompatible with the purposes and principles of the Charter of the United Nations. 7. All States shall observe faithfully and strictly the provisions of the Charter of the United Nations, the Universal Declaration of Human Rights and the Present Declaration on the basis of equality, non-interference in the internal affairs of all States, and respect for the sovereign rights of all peoples and their territorial integrity’ (*Yearbook of the United Nations 1960*, New York, 1961, pp. 49–50). In 1961, the General Assembly established a Special Committee ‘to examine the application of the Declaration [of resolution 1514], to make suggestions and recommendations on the progress and extent of the implementation of the Declaration, and to report to the General Assembly’ (see resolution 1654 of 27 November 1961, *Yearbook of the United Nations 1961*, New York, 1963, p. 56). Initially consisting of 17 members, the Committee was later expanded and became known informally as the Committee of Twenty-four.

8 Resolution 1541 of 15 December 1960 established principles intended to guide administering powers in deciding whether an obligation existed to transmit information on their non-self governing territories. The resolution included principles that defined self-government and the means by which this should be achieved (see *Yearbook of the United Nations 1960*, pp. 509–10).

Trust Territories. But it is true that 1541 may be used, and has been used, as a guide to determine how the ends of integration or free association might be achieved in the case of Trust Territories.

14. Thus it is not sufficient to suggest, as the draft submission does, that a status of 'close association' could be established without the agreement of the United Nations. Our obligation in the Trusteeship Agreement can be varied only with the consent of the General Assembly (Article 85 of the Charter), and until it is varied we are under a specific treaty obligation to report on the Territory and to assist in its examination by the United Nations.

15. There is no specific obligation in the case of the non-self-governing territory of Papua. But for reasons mentioned above it is in practical terms desirable to seek the agreement of the United Nations to the ultimate status proposed if only to avoid continuing interference in the affairs of the Territory by the Committee of Twenty-four.

16. An indication of the present thinking of that Committee of Twenty-four and the Fourth Committee of the General Assembly is seen in the recent consideration of the Cook Islands. Here the General Assembly finally agreed that the transmission of information should cease, in a situation where the Cook Islands were granted internal self-government, with reservation of external affairs and defence to New Zealand but the resolution adopted by the General Assembly noted that 'the people of the Cook Islands have reserved their right to move to a status of complete independence' and went on to 'reaffirm' the 'responsibility of the United Nations under General Assembly Resolution 1514 (XV) to assist the people of the Cook Islands in the eventual achievement of full independence, if they so wish, at a future date'.

17. Provision for such a choice is therefore likely to be essential if any arrangement for 'close association' is to be acceptable in the United Nations.

[NAA: A1838, 936/5]

15 MEMORANDUM, ATTORNEY-GENERAL'S DEPARTMENT (HOOK)¹ TO DOT

Canberra, 17 February 1966

SECRET

Papua and New Guinea: ultimate status

I refer to the draft Cabinet Submission² forwarded for comment and to subsequent discussions between Mr. Swift and Mr. Ewart Smith.³

2. As was pointed out by Mr. Smith during these discussions, there appear to be two fundamental constitutional questions arising in relation to this matter. The first is whether it is possible, under the Commonwealth Constitution as it stands, for a Territory to be

1 E.J. Hook, Secretary, Attorney-General's Department (AG's).

2 Final is Document 25.

3 Senior Assistant Secretary, AG's.

admitted as a State. While opinions in this Department on this question have been far from unanimous, my own firm view is that the answer to it is 'Yes'. But I think some warning note might still be sounded in the draft.

3. The second question is whether complete independence—which I understand to be envisaged by the use of the expression 'disengagement' in the draft—could be granted in the case of Territories of the Commonwealth. While I have little doubt that, in the case of the Trust Territory of New Guinea, independence could be granted, relying upon the external affairs power, I think the position cannot be regarded as being as certain in the case of the Territory of Papua. I do not think it should be assumed without qualification that the Commonwealth could at this stage grant complete independence to Papua under the Commonwealth Constitution as it stands. A great deal more work would need to be done, and much serious consideration would need to be given, in relation to the question of the power to grant independence to Papua before I would be justified in expressing a definitive view on this question. Indeed, this could be a question on which it might prove difficult to give a definitive view at this stage of constitutional development.

[*matter omitted*]

[NAA: A452, 1965/3353]

16 LETTER, RANDALL¹ TO WARWICK SMITH

Canberra, 18 February 1966

SECRET

I have had a quick look at your draft Cabinet Submission on the ultimate status of Papua and New Guinea.²

My first reaction is to query why, at this stage, we must try and give precise answers to the Select Committee on the ultimate status of Papua and New Guinea. Presumably, there are a number of steps for the Territory to go through before it attains self-government and when that stage is nearer that would, perhaps, be the time to give precise answers. Perhaps we should also move cautiously in a situation where we could be accused of trying to impose certain wishes on the people when particularly in the case of the Trust Territory the people should make the decision.

I gather the impression from your draft submission that most of the arguments lead toward 'disengagement.' On the other hand, you obviously favour a form of 'close association.' No doubt you would agree that many forms of close association would be possible and I think a weakness in the paper is that Ministers are not being given sufficient information about various alternatives on which to base any decision. For instance, we could not support 'a seventh state' relationship or any close association that could lead to requests by the people of the Territory that their standards—wages, services and so on—should be equated to those pertaining in Australia. No doubt it could be argued there is still 'close association' between Britain and Cyprus and between New Zealand and Western Samoa

¹ Sir Richard Randall, Deputy Secretary, Treasury.

² Final is Document 25.

even though both Cyprus and Western Samoa have achieved independence—which in your draft would appear to qualify as ‘disengagement.’

As you will be aware, the Territory loan raisings are no longer subject to specific Loan Council approval but the Treasurer keeps his colleagues informed generally about the Territory programme. This change was made as an acknowledgement of the different and developing status of the Territory and should the Territory be given independence it would be difficult to envisage the terms of its loans being approved here and the Commonwealth accepting the responsibility for repayment. I would also like to have a little more information about what you mean by ‘common currency arrangements.’ For instance, the Gilbert and Ellice Islands and the New Hebrides commonly use Australian currency but we are not obligated to help out if they have any balance of payments deficits. Perhaps you might also like to have another look at the section on private investment. While no doubt investors would welcome some close relationship, my impression is that in recent years most investors have been thinking in terms of eventual independence and have taken this probability into consideration in considering their expected returns. Any suggestion of a scheme for the Commonwealth to compensate if assets are expropriated is not likely to be favourably received in this quarter nor would be the thought of the Territory being a permanent and automatic burden on the budget.

[NAA: NA1983/239, 11/2]

17 LETTER, CLELAND TO WARWICK SMITH

Port Moresby, 18 February 1966

I refer to your letter of 11th February, 1966, in reference to the position of Under-Secretaries.¹ I now enclose herewith an up-to-date report which has been completed by Dr. Gunther and which sets out in detail the present situation, the difficulties inherent therein, both from the point of view of the Under-Secretaries and the Departmental Heads² concerned. I think the report sets out the difficulties which have been experienced in such a way that the Minister should be fully informed.

2. I agree with you entirely that it is for us to make certain that the system works to the best advantage between now and any future change. Quite frankly taking into account the limitations within the Under-Secretaries themselves it is very difficult to find means and methods whereby the system can be improved, because so much depends upon the men themselves.

3. I have already arranged with the two Assistant Administrators, that as a step forward, they be given in the next sitting of the House the opportunity of preparing answers to questions and answering them in the House. Apart from any additional English courses which may be held, I propose to meet with the Departmental Heads concerned and their

1 Warwick Smith had referred to undertakings by Cleland to provide an assessment of the Under-Secretary system and suggestions for improvement. The Secretary conceded that there had been discussion of changes to the system before the next election—but added that every effort should be made in the interim and that Under-Secretaries would probably be retained for some departments after the changes. He asked Cleland to give a review to Barnes as soon as possible (NAA: A452, 1964/3516).

2 That is, departmental heads of the PNG Administration.

Under-Secretaries as soon as possible after the House of Assembly Meeting is concluded and endeavour to work out together with them more effective means of improving what we want them to do, and what we initially intended them to do, as far as their own limitations will allow.

[*matter omitted*]

Attachment

MINUTE, GUNTHER TO CLELAND

Port Moresby, 15 February 1966

APPOINTMENT OF UNDER-SECRETARIES

1. There have been difficulties in the establishment of an Under-Secretary system. The Select Committee on Political Development, at paragraph 24 of the first Interim Report, recommended:

‘that Under-Secretaries to the major departments be appointed in the belief that the training and understanding of administration received by such appointees would be of great assistance in the achieving of responsible political development.’

2. In *Hansard*, House of Representatives, 23rd October, 1962, the Minister for Territories³ is quoted:—

‘While these changes will substantially increase the share of the Territory in the legislative processes, the Government believes it is equally important in the progress towards responsible government that the people should also advance in an understanding of and a share in the executive functions. We want to make the Legislative Council, not only a gathering of representatives, but an effective part of the structure of government. Therefore, in the new Legislative Council, some of the elected members will be asked to accept office as Under-Secretaries to be attached to each of the main departments and to understudy the Official Members. The Government will also consider strengthening the Administrator’s Council, in which some of the Elected Members are already associated with the Executive.’

3. During the Second Reading speech on the Papua New Guinea Bill 1963, the Minister stated:—

‘Parliamentary Secretaries will be appointed from among the Elected Members to understudy those Official Members who act in the legislature in a role resembling that of Ministers. By these and other means we will try to ensure that at the time of self-government, there will be members of parliament who will have learnt a good deal more than the arts of debate, and who will have gained some executive experience.’

Hansard, House of Representatives, 7th May, 1963.

4. Apart from this, the principle was really a nebulous one. The Select Committee on Political Development had not considered the matter greatly. It was left to the Administration to work out what should be done, and how it should be done. The positions into which the Under-Secretaries were appointed were learning positions. Their appointment had a multiple purpose:—

3 Paul Hasluck was Minister of Territories from 11 May 1951 to 18 December 1963.

- (1) to teach a limited number of people in the House of Assembly the machinery of administration;
 - (2) to have specially selected persons who could portray the Administration's actions and thinking to the people;
 - (3) to bring together a small group of people with the capacity to solve problems, and who could advise the Administration on the will and temper of the people;
 - (4) to have at hand persons who could assume the office of Ministers if, and when, the demand for ministerial government was allowed;
 - (5) in actual fact, to slow down the demand for ministerial government by pushing the Under-Secretaries more and more into ministerial-like positions.
5. The success of these intentions depended on a number of factors, the foremost of which were:
- (1) what was the Under-Secretary's desire to learn and his capacity to absorb instruction;
 - (2) his instructor's ability to teach and, indeed, his instructor's desire to teach.
6. Then there were obvious political considerations. It was said that Under-Secretaries would become 'stooges' of the Administration. A number of members of the House of Assembly thought that the appointment of Under-Secretaries was a tactic used by the Administration to increase its voting power. Some of the Australian members of the House of Assembly strongly recommended to some of the people chosen against accepting appointment, telling them that if they did accept such an appointment they had no hope of re-election.
7. You chose the Under-Secretaries after careful consideration of the merits of the individual, his status in the community, his educational level, and you took into consideration geographic distribution. Five of the original Under-Secretaries chosen were also members of the Administrator's Council.
8. You accepted the advice that Under-Secretaries should represent those departments who did not have a Official Member in the House of Assembly. This naturally meant that you did not choose departments whose departmental head was particularly disposed to foster the education of the Under-Secretary. However, this has not caused any difficulties, although it is fair to say that, in general, departmental heads have found the task of educating Under-Secretaries a hard one.
9. In the beginning the Under-Secretaries were told that they were in learning positions. They were told that the Administration expected them to listen to its proposals and, if they did not agree, that they should say so. If they said they agreed, then they would be expected to vote for the Administration's cause, but they did not have to vote for the Administration if they had disagreed. They were asked if they changed their mind, as a result of listening to a debate, that they should inform the Administration of their intention to vote. They were asked to tell as many people as possible what the Administration was doing, and were asked to tell the Administration what the people were thinking. Finally, they were clearly told they could not neglect their electorate. They would have to visit it regularly and spend some time there. They were told they should probably go to their electorate each month for at least two days. The period would be longer in the larger electorates. They were told they should spend at least a week after each House of Assembly meeting telling the people what had happened.

10. They had a number of meetings with Mr. Reeve⁴ and myself early in the piece, and I held discussions with each departmental head to whom the Under-Secretary was assigned.

11. In the beginning, in the first flush of enthusiasm on the part of everybody, it looked as if the establishment of this system would be a marked success. However, as time went on it became apparent that it was not working out as was anticipated. A number of meetings with the Under-Secretaries, which I held, brought up a number of reasons for this. Without any doubt the first was a lack of English comprehension. (By this time Mr. Guise had resigned to become the Leader of the Elected Members.) A casual examination showed that none had a reading rate over 120 words a minute and, in most cases, it was probably lower. Other experience shows it was probably closer to 70–80 words a minute. This made an examination of policy files a virtually impossible task. Some departmental heads felt they were not able to bring the Under-Secretary into a full understudy position until he had a broad knowledge of departmental policy and the factors that brought this policy about.

12. All Under-Secretaries, in the beginning, were brought into close consultation with the departmental head and attended any staff conferences that occurred. Because of a lack of understanding of English, and because staff conference discussions were often beyond their comprehension, some Under-Secretaries started to stay away from them. Others believed that there could only be a successful solution to their training if an officer was to be beside them full time to talk to them. This, of course, was generally an impossibility and, in any case, if they were ever to assume a minister-like role, they would have to be able to reach decisions, not on the advice of one man, but on the advice of a reasoned argument on paper.

13. Some Under-Secretaries believed that we could only achieve the Administration's aims if they were given a course to improve their English. This is now being done. However, it was deemed, for political reasons, to be unwise to establish a course for Under-Secretaries only. Even now there are a few members who think the course is being used by the Administration to persuade people to follow the Administration's policies. However, it is anticipated that this thinking will disappear, and that a second course in English for the remainder of the Under-Secretaries and others will be readily accepted.

14. As time has gone by, all members of the House of Assembly, not just Under-Secretaries, have strongly felt the demands of their electorate. You have been previously advised that most of the members are essentially parochial in their requests. Unless the electorate gets what the member asks for, he is likely to be replaced at the next election. Members have actually been told this. On a recent tour I made, where I attended meetings with local members and their constituents, in two out of three electorates, the constituents clearly stated that they had not got what they asked for, therefore, they told their member they thought he was not doing his best. In one case I was asked did their member 'sit in the top hotel like others and just drink beer?' In one case one Under-Secretary, who spent a great deal of time in Port Moresby, had to be told by me, after I visited his electorate, that one of his opponents in the 1964 election was making a great deal of capital out of his absence from the electorate and his failure to have achieved anything for the electorate.

4 H.H. Reeve, Assistant Administrator (Finance), 1961–1966.

15. Thus, even those Under-Secretaries who were sincere in their desire to become understudies, have decided to spend more and more time in their electorate, to the detriment of their training.

[*matter omitted*]

18. On the 16th September, 1965, I met with six of the Under-Secretaries ... All were asked in turn to comment on their current activities, particularly as to whether their advice was being sought and whether policy was sufficiently discussed with them, also whether they thought they could be better employed. Unanimously they stated that they were satisfied. They stated that their advice was listened to and they had ready access to the departmental head. They varied in their view as to whether they could get quicker action by a direct approach or by asking questions in the House of Assembly.

19. They strongly expressed the opinion they found it difficult to trace policy decisions through a file. All of them wanted to stay in the departments in which they were then working. It was suggested to them by me that to improve their experience, maybe they should change, but they were quite definite—they did not want to change.

[*matter omitted*]

25. All of the Under-Secretaries present expressed their disgust at Mr. Neville's⁵ statement about the lack of understanding of members.⁶ They said one of a member's biggest problems was the efforts of elected Europeans in trying to persuade them to vote one way or another. They said the Europeans were divided amongst themselves and they confused a lot of the members by vehemently stressing points of view, and actually abusing the Papuan and New Guinean members for not doing what the Europeans thought they should have done in a particular issue.

26. All six stated they had ready access to departmental heads and others, and all members of the House of Assembly were aware of this and many took an opportunity to make their demands directly, but as far as they, the Under-Secretaries, were concerned, all the demands received attention and often received a reply in writing.

[*matter omitted*]

31. The members, as a whole, rejected Mr. Neville's statement that they did not understand what was going on, indeed, Mr. Guise spoke against Mr. Neville.

32. There are a number of people who want the system to fail. There are still those who are suspicious of the Under-Secretaries and the motives of the Administration in appointing Under-Secretaries; and there are times when the Under-Secretaries themselves are actually frustrated and feel they are not being taken into the confidence of the departmental head enough and are not being asked to take greater responsibility. When it is pointed out to them that they were asked to read the Bank Report and did not do so, they have stated that to try to do so 'hurt' them.

33. The system should be allowed to continue, though some Under-Secretaries will have to be told that they must spend less time in their electorates and more time in Port Moresby or they will have to be replaced.

[*matter omitted*]

5 R.T.D. Neville, MHA, West Papua special electorate.

6 Details not found.

35. I advise against making any dramatic change in the status of these people, but their future has to be discussed, and probably should be discussed, at the meeting that takes place on the 1st March.

36. Another course in English should be commenced as soon after the March meeting as possible. It is frankly felt that these courses will do very much to rejuvenate the present situation, although it will not reduce the worries of the member about re-election.⁷

[NAA: A452, 1964/3516]

18 MINUTE, BALLARD TO WARWICK SMITH

Canberra, 25 February 1966

Papua and New Guinea ultimate status submission

Mr Payne¹ and I have read the Defence summary² and the note on your discussion with the Secretary of the Department of External Affairs.³ We feel that the Defence Committee have largely adopted the External Affairs view. The last page of the Defence assessment states in effect that irrespective of the constitutional or treaty arrangements the security of Australian defence interests in the Territory depends upon the goodwill of the Local Government. This is far cry from the original proposition in paragraph 14 of our draft submission that the only satisfactory form of solution would be a form of association which was both close and permanent and which guaranteed Australian retention of Australia's responsibility for the defence of the Territory and undisputed authority to discharge that responsibility. Also in paragraph 13 of our draft submission we have said that the effect of the Defence assessment is that the defence aspects are 'vital' to Australia's security; the present Defence assessment says that 'it is important that access to the Territory and its base facilities be maintained'.

2. The conclusion that both Mr Payne and I come to from this is that the Defence assessment in its present form does not support our proposition for closer association.

3. We are bound to query whether External Affairs and the Defence Departments have really given thought to the types of closer association which have been tried overseas, particularly the Porto Rico, Netherlands West Indies and British West Indies precedents.

7 In a submission of 5 July to Barnes, Ballard suggested that official members of the Select Committee draw to the attention of the Committee the problems associated with the Under-Secretary system. He also proposed that Under-Secretaries become more involved in official business in the House in the hope that this would in turn increase the participation of Under-Secretaries in Departmental matters. Barnes agreed to the dispatch of a reply to the Administrator in these terms (NAA: A452, 1964/3516).

1 E.E. Payne, position unidentified, DOT.

2 Document 12.

3 Plimsoll had commented to Warwick Smith that 'His basic position was that ... independence is the desirable outcome but his interpretation of independence is independence plus treaties plus common administrative services etc.' (note by Warwick Smith, 24 February 1966, NAA: A452, 1965/3353).

4. I would like to suggest that before we do any more rewriting you should show the schedule that we had prepared containing details of forms of closer association to Sir James Plimsoll to find out whether he really does exclude an association on these general lines, but adapted to suit the requirements of the Australian constitution.

5. There is one thing that the Defence paper may bring out which would improve our own thinking; this is that a constitutional arrangement which does not give the option of withdrawal might cause resentment and not serve a useful purpose. The British West Indies arrangement had envisaged it being possible for any of the parties, including Great Britain, to pull out. In the case of the Cook Islands the United Nations insisted on such a provision as the price of 'getting off the hook'.

6. It seems to me that the alteration which we might need to offer to External Affairs to secure their support, and from this possibly the support of the Defence Committee, would be to include—

(a) the schedule setting out the forms of some of the types of constitutional association which have been achieved elsewhere; and

(b) the proposition that there should be an open ended option for the Territory's withdrawal from an association arrangement of this kind if they wish.

[NAA: A452, 1965/3353]

19 LETTER, ESPIE TO WARWICK SMITH

Melbourne, 25 February 1966

Bougainville copper operation

At our discussions in Port Moresby¹ it was decided that we should prepare a summary of the points dealt with which will have to be incorporated in an overall agreement. This has been completed and copies are attached.

The purpose of this document was to provide a basis for examination and further consideration prior to the next meeting which is set for 25th March at Canberra.

No attempt has been made to set anything in legal form as it was thought this was premature.

I am also sending copies of the document to Mr. Henderson at Port Moresby.

Attachment

BOUGAINVILLE COPPER OPERATION

Background

We opened our discussions indicating that our Board feels we should negotiate as soon as possible an enduring agreement which will satisfy us that it is prudent to continue our current rate of expenditure, and in addition will satisfy the overseas investment houses

¹ See Document 11.

that with this agreement the project is an attractive proposition. We added that we felt strongly that this agreement should be passed by the Papua and New Guinea Assembly and that on independence day the Central Government, Local Government Council and the immediate local population should feel that the project was good for all of them.

We indicated that the possibility of the local population being dissatisfied because of nominal compensation for land could create problems for the company in the future and we would prefer to see this subject approached on a more liberal basis.

Scale of operations

The Administration indicated that to help them in the discussions they would like to have some idea of the size of our operation. We pointed out that modern thinking for major projects requires some computer studies to indicate the optimum production rate, and as essential figures required for the calculation of this were not yet available, the Administration must take our figure as indicative only and possibly subject to considerable later change. We mentioned production of 30,000 tons of ore per day.

The Administration then asked for a capital cost and we stressed that in addition to other variables, capital cost would depend on the tonnage per day, but again in an attempt to assist the discussions and not in any way as an accurate indication of capital expenditure, we mentioned \$A100m.

We added that our present expenditure programme would not give us a reasonable indication of the size and grade of our ore body before the end of 1967 and therefore an accurate feasibility study could not be available until after that date. However, the study of markets, treatment methods, tailings disposal, etc. had already commenced and we expected our figures on capital costs and production to improve in accuracy between now and the end of 1967. We were asked for an operating cost and explained the influence of the overburden to ore ratio on this cost and added that at the commencement of a drilling programme it is not possible to have a reasonable approximation of this ratio. However, as a guide, we mentioned a direct operating cost of \$A2 per ton.

When asked for a profit figure, we replied that any figure quoted would probably be unsatisfactory, but on being questioned on the type of income the Government could expect from equity participation, we said that in view of the risk in the area the company would require a return of more than 15% after tax.

Other figures mentioned were a power station of 30 megawatts, and an exploration expenditure in each of 1966 and 1967 of \$A2.6m. on Bougainville.

Financial interest of Administration

It was proposed that the Administration or a statutory body on its behalf should identify itself with this large venture through a shareholding which would in the result deal with the question of mining royalty and provincial or State taxes and the normal facilities provided for industry by Government.

On the assumption of two thirds of the capital required being financed by loan it was suggested that the Administration should have a shareholding of 20% of the initial equity of the mining company to work this deposit. These shares would have the same rights as other shares and thus be entitled to bonus and cash issues.

Part of this equity would be subscribed for at par in cash such funds in reality being for the company to use for the construction of road and the port.

Information is being obtained on the scope of Canadian Government assistance to open up new mining projects—it should be available shortly.

The second part would be issued without a cash subscription but in lieu of royalties and provincial taxes.

The immunity from provincial or State taxes would possibly have to be dealt with by an indemnity agreement and is referred to later.

Taxation

1. It was explained that it would be essential for all capital expenditure on the mining venture to be covered by the expression ‘necessary plant development of the mining property or housing and welfare’ used in section 155 of the Taxation Ordinance of the Territory.

Learned counsel has given opinion that the words quoted would undoubtedly embrace all expenditure on the Bougainville project. If the Taxation Department did not agree with this an amendment to the Ordinance would be necessary.

2. The Ordinance gives a mining company an accelerated write off of capital expenditure.

In some cases where dividends go overseas the investor does not receive the maximum benefit available from this provision. When recognition is given by capital exporting countries for ‘tax holidays’ of capital importing countries it is generally expressed as being applicable to income which is exempted in specific terms and not where an exempt element arises in result only.

This matter needs more detailed examination before a complete proposal can be put before the Administration but as a general indication it could be illustrated by saying that an alternative choice could be given to a mining company taxpayer.

The choice could be expressed to say that the assessable income in excess of allowable deductions other than deductions under the mining division will be exempt with a corresponding reduction in the capital expenditure otherwise deductible.

Provincial or state taxes

The company proposes that part of the share to the Administration should be in lieu of royalties and provincial or state taxes.

The Administration is asked to undertake to indemnify the company if provincial or state taxes are ever imposed to the extent that they are not allowed as a credit against Central Government income taxes the amount to be paid by the Central Government to the company.

Municipal rates

The Central Government is to indemnify the company if municipal rates exceed a maximum standard as agreed between the company and the Administration.

Export tax and excise

The company is to be indemnified if an export tax or excise is imposed on it which does not exist at the date of agreement.

Stamp duty

The company to be exempted from stamp duties arising out of the establishment of the operation such as on the acquisition of interests in hand.

Land

The Administration asked our requirements in land and in brief we indicated 4,000 acres at the coast for loading facilities, expansion for secondary industries, an extensive area of swamp land for tailings disposal, perhaps 50 square miles of land around the operation and possibly a right of way for an aerial rope way or other handling arrangements between the coast and the mining site would also be required.

The Administration made it clear that requests for land areas of this size posed serious problems for them. In regard to the land at the operation site, we pointed out that the area of 50 square miles was with minimum planning on the location and size of the open pit, overburden dumps or leaching dumps and that with future study of the topography it would appear that this area could be considerably reduced, but that it would be some time before we could give a firm figure. Similarly we would review our figure for the coast.

The term of the grant of all land is proposed as an initial period of 42 years with rights of successive renewals of 21 years on the same conditions.

Tailings

Because of the topography the heavy local rainfall would make it difficult to build tailings dams usually seen on mining properties in Australia and therefore it will be necessary to dispose of tailings in the Kawerong river.

A question from the Administration on what would be the effect of depositing a thousand tons of tailings per hour in the Kawerong could not be answered, particularly as we do not yet have contour maps of the area. We realise that this poses a further problem in the resumption of native land to cover the area over which the tailings will spill out fan-shaped from the mountains on the flat swamp land towards the west coast. We feel that definite opinions on the behaviour of these tailings is a matter for experts and perhaps even extensive model tests. The company indicated its willingness to obtain expert opinion as soon as possible.

Other minerals

It was considered appropriate that the company should have rights to mine all minerals found within its leases on the understanding that it made a reasonable attempt to work these mineral deposits where economic.

Adjacent areas

For some months the company has refrained from work on the adjacent areas of Minoki, Karato and Dharatui on the advice of the Administration.

A recent incident in which natives from Onovi had attempted to interfere with a party establishing a survey station on an adjacent mountain top was mentioned, and the importance of pushing ahead at Minoki, Karato and Dharatui was discussed. The company pointed out that work at Panguna was well advanced and the lack of work in these other areas could cause the company acute embarrassment for having advanced so far at Panguna, if one of the other areas subsequently proved to be more attractive than Panguna. For this reason the company is keen to push ahead with geochemical sampling and perhaps drilling in these areas before further expanding the work at Panguna.

Port

The company felt it was unlikely a port would be built on the west coast but rather on the east coast between say Kieta Peninsula and Rorovana Bay. A number of sites would

provide the necessary shelter for a specialised bulk loading terminal and the requisite storage facilities. The storage land would be part of the 4,000 acres mentioned under the heading of 'Land'. The company would wish to control this terminal.

Power

The company is investigating the use of hydro, diesel, coal and atomic energy as a source of power. At this stage we would anticipate a diesel power station with oil unloaded from the bulk loading terminal wharf and the station built on the 4,000 acres already mentioned but in the event of it being decided to use hydro-electric power the company would require access to adequate water resources.

Town

The Administration is facing the problem of the move of the capital of Bougainville from Sohano to Kieta and it asked for some detail on the location and type of the company town. We indicated that as the company intended to own the houses of its employees we would wish to have these houses on our land, but that we would not wish to involve ourselves in the shops, garages and offices of people not employed by the company who would be servicing the town's people. As the Administration said that the company town could initially be larger than their new capital, the company's plan is of considerable importance to them in their planning. At this stage we would expect our concentrator and town to be in the Kawerong Valley adjacent to Panguna, but as a result of further drilling we may wish to establish the town and/or the concentrator on the slopes of the Crown Prince Range adjacent to Kieta.

Under these circumstances there could be an advantage in locating the new Government town and company town on adjoining sites, leaving Kieta to develop as a Government port providing facilities for our incoming goods as well as the inward and outward traffic for the town and hinterland.

Water

The company would require leases of land to enable it to catch, store and transport sufficient water for its industrial and town needs.

Stream gaugings will commence in the near future to allow us to give more detail of these land requirements.

Timber

At the suggestion of the Administration we are planning to purchase a cheap saw for our immediate needs and to arrange through the Department of Forests for local natives to lease the saw and sell us the timber. In a small way this would increase native participation in our work.

Hospitals

The company indicated that it would be its policy to support the Government's programme to improve the hospital already established in Kieta in preference to maintaining a separate hospital.

Education

The Education Department has offered to staff a native junior technical school built by the company but at present there would not be enough pupils from our labour force to warrant a school built by the company. The company will be interested in the establishment and

growth of a local technical school, particularly if the company town is reasonably close to the new capital.

Compensation on resumption

Arrangements must be made to provide for compensation

- if the shares in the mining company are taken over
- or
- if its assets are resumed.

Such arrangements will be essential for any fund raising required to bring the mineral deposits into production.

The basis and method of assessment of compensation will have to be determined in detail as also the events upon which compensation will become payable.

A provision will have to be included defining 'creeping expropriation'² and setting out a basis of compensation ...

Rights of third parties to use of road

The company understands the importance of the access road to the general development of the area for primary producers. Where the terrain allows the ready construction of a two way highway, the company sees no objection to the general use of the road by small farmers, but would expect some contribution by any major user.

In places where the terrain demanded the construction of a one way highway with control of up and down traffic, the company would expect to have the right to allocate the times and type of usage by third parties. The company would make every effort to accommodate the small farmer but would of necessity be forced to take priority over any user.

[NAA: A452, 1966/1445]

20 TELEX, WARWICK SMITH TO CLELAND

Canberra, 1 March 1966

275/468. URGENT

... Minister has approved that any private member's motion or bill to provide that the ownership of minerals shall run with the land¹ should be opposed by official members on the following general lines—

- (1) The principle that the minerals belong to the Administration and not the owners of the land has been part of the law of Papua and New Guinea for many years. This does not mean that the minerals are retained and the royalties are paid for the benefit of the Government but that the minerals are kept for the benefit of the people as a whole and the royalties are paid to the Administration for the use of the people as a whole.

² That is, a series of discriminatory acts by a host government vis-a-vis the original rights of a foreign investor.

¹ For context, see editorial note 'Mineral discoveries on Bougainville island'.

(2) While it is correct that in certain countries, notably some states of the United States of America, the minerals do run with the surface of the land—this is not normally the case in newly developing countries and the principle adopted in the law of the Territory is similar to that in, for example, India, Malaysia and Nigeria as well as in Australia.

(3) Official members should therefore try to emphasise that a proposition that the minerals should be owned by the individuals owning the surface land would result in great riches for a few people at the expense of the majority of² in the Territory.

(4) If mineral rights reverted to private ownership the Administration would be deprived of an important source of revenue. It would thus be required to seek heavier grants from Australian taxpayers and increase the Territory's economic dependence. This would not be in the interests of the Territory.

(5) Private ownership of mineral resources would hamstring also the developmental efforts of any future government of Papua and New Guinea. The Administration would not like this to happen and could not support a change in the law which deprived the people of the Territory as a whole of one of their most valuable assets.

(6) The development of the Territory depends vitally on investment not only by the Australian Government but also by Australian and other private investors. Such investment is not easy to attract. Many other countries both developed and under-developed are also looking for capital funds and trying to attract investment and unco-operative and hostile attitude on the part of the local people could set back development for many years.

(7) The local residents always benefit when large mining, timber or other industrial type development occurs in their district. Roads and ports are constructed, electric power and reticulated water usually eventuate, markets for garden products are opened up, there is a demand for local labour, medical, schools and other social facilities are either established or enlarged and improved.

(8) The Government does however accept that the mining ordinances of the two territories do not make adequate provision for payment of compensation to the owners of customary land for disturbance of the surface rights by prospecting and mining operations. It is the intention for the Administration to move amendments to the two ordinances at the next session of the House of Assembly to change the law in this respect.

(9) The Minister has approved that twelve members of the House including the Member for Bougainville³ now on an English language course visit Australia later this month and at the Administrator's suggestion they will visit Townsville and Mount Isa to see the mining activities in Queensland. If the official members are able to have the bill rejected on the previous arguments this need not be mentioned but it should provide material for obtaining postponement of the debate if it is felt that the majority of the House supports the bill.

The Minister considers that attempts should be made to canvass out of the House with some of the members, particularly the Under-Secretaries, the desirability of mineral royalties

² The word 'people' seems to have been omitted here.

³ Paul Lapun.

being available for the development of the Territory as a whole so as to ensure that they fully understand the effect of the proposed bill before it is debated in the House.

Efforts should also continue to be made to explain to members especially from the less favourably endowed areas such as the Highlands and the Sepik that they would stand to lose whatever the natives of isolated locations, eg Bougainville, might gain if mineral rights were conceded to landowners.

[NAA: A452, 1966/1445]

21 LETTER, WATKINS TO CLELAND

Port Moresby, 1 March 1966

re: Constitutional Committee

The Constitutional Committee met yesterday morning and considered the draft questionnaire which had been drawn up by a Sub-Committee.¹ After much discussion the questionnaire reached a final form and I enclose two (2) copies.

It was agreed that the approach to the people would not be made until after discussions in Canberra, as this meeting would have a great bearing on the approach to be made.

A Sub-Committee consisting of Messrs. Guise, Watkins, Brokam, Scragg, Stuntz, McCarthy, Downs, Abe and Giregire was appointed to draw up a list of subjects touching on special relationships and other matters which it was considered should be discussed by the Committee in Canberra. This Sub-Committee would meet at 2 p.m. on the 1st March, 1966.

The Committee resolved to ask the House to appoint Mr. B. Holloway² to fill the vacancy left by the death of Mr. Bloomfield.³

Attachment

CONSTITUTION OF THE HOUSE

DRAFT QUESTIONNAIRE

1. Do the people consider that the present composition of the House meets the needs of the Territory of Papua and New Guinea?
2. Should the number of electorates and hence number of members be changed, i.e. are there enough electorates or too many or too few?
3. Should there be more rigid qualifications for candidates, e.g. ability to read and write English or Pidgin or Motu, specified standard of education, etc.?
4. Is the present method of counting, i.e. the voluntary preferential system, satisfactory or should a first past the post system be instituted?

¹ That is, a questionnaire that would be put to the people by the Select Committee.

² B.B. Holloway, MHA, Kainantu open electorate.

³ W.J. Bloomfield, MHA, Kaindi open electorate.

5. Do you think it is necessary we should still have Special Electorates?
6. Should all elected positions in the House of Assembly be open to all persons regardless of race, or should some seats be reserved for non-indigenous inhabitants of the Territory.
7. Should there be official members in the House, if so, should the numbers remain as at present or should these be restricted to specific positions?
8. Do you think the legislature should have one House or two Houses?
9. Do you think that a period of internal self-government is necessary before other changes, and if so, how quickly should this take place?
10. Is it the feeling of the people that they want Papua and New Guinea to become one country?

11. *Citizenship*

What are your views on the following:—

- (a) Should Papua become a Trust Territory with New Guinea and Papuans become Australian protected persons rather than Australian citizens?
 - (b) Should New Guinea become an Australian Territory and New Guineans become Australian citizens rather than Australian protected persons?
 - (c) Should there be a Papua and New Guinea citizenship?
 - (d) If so, should it be in close association with Australia?
12. These are the important questions but have you any other matters you would like to mention to the Committee?

[NAA: A452, 1965/3192]

22 PAPER BY SELECT COMMITTEE¹

Port Moresby, undated

Matters for discussion with Commonwealth Government

As a result of the deliberations of the Select Committee on Constitutional Development it has become apparent that because of the nature of some of the questions raised it would be most advisable for certain matters to be the subject of talks between the Commonwealth Government and the Committee.

It is appreciated that at this stage such talks will be purely of an exploratory nature but they would serve to give an indication of the trend of thinking on certain aspects which are of concern to the Committee in its investigations. The matters which the Committee consider should be raised have all been the subject of discussions and have been canvassed among members.

It is felt that before an approach is made to the peoples of Papua and New Guinea it is essential that the views of the Commonwealth Government on these aspects should be sought so that the Committee will be better informed when such approach is made.

¹ The paper is found on a DEA file, apparently as part of a brief. Paragraph six indicates that the paper was likely to have been addressed to the Australian Government through Barnes.

It will be noted that the draft questionnaire, which is attached, proposes various alternatives and should any of these be unacceptable to the Government, the Committee would wish to be informed as it considers that the submission of such unacceptable propositions to the people could create unfortunate reactions. The questionnaire is only in draft form and will not be finalized until after the discussions have been held, when it will be reviewed in the light of suggestions made and information given by the Commonwealth Government.

It is essential that we should know the extent to which the Commonwealth Government is prepared to go and its thinking on the matters raised, and any other matters which it feels germane to the subject, would be of inestimable value to the Committee which accepts that these talks should be on a confidential basis.

The Committee wishes to express its appreciation to the Honourable the Minister for making these talks possible.

Matters for discussion

(1) In the event of the people deciding that they wish Papua and New Guinea to be one country, the following alternatives arise—

- (a) that Papua becomes a Trust Territory with New Guinea and Papuans become Australian protected persons rather than Australian citizens; or
- (b) that New Guinea becomes an Australian Territory and New Guineans acquire Australian citizenship rather than a status of Australian protected persons; or
- (c) that there be a Papuan and New Guinean citizenship.

The views of the Commonwealth Government are sought on these alternatives, so that the Committee may be aware as to which would be acceptable or unacceptable. In the event of any of these alternatives being acceptable to the people, it is anticipated that there would also be a desire to continue close association with Australia. The Commonwealth Government's views as to the extent of such an association is sought.

(2) Could a statement be made on the application of Commonwealth migration provisions in relation to the peoples of the Territory in the event of any of the alternative forms of citizenship status mentioned above being achieved?

(3) Does the Commonwealth Government consider that a period of internal self-government is desirable before other major changes in constitutional development occur?

(4) In the event of an interim system of internal self-government being established and having in mind the responsibilities which will necessarily have to be assumed by the Legislature, has the Commonwealth Government any views on an acceptable system that could be adopted, taking into account the present development of the indigenous people of the Territory of Papua and New Guinea and the desire to vest in Under-Secretaries or some similar office and the Administrator's Council or similar body, a greater participation in the Government of the Territory? The Committee feels that any such system should ensure that the best advice possible, whether of a technical nature or on matters of policy, is still available to the Administrator who remains responsible for the administration of the Territory and the carrying out of Commonwealth Government policy so long as Australia provides major financial assistance.

(5) Has the Commonwealth Government any views as to whether there should be a form of Ministerial Government with a Parliamentary Executive as in Australia, or whether

some pattern akin to the American system with a non-Parliamentary Executive should be established?

(6) In the event of the people attaining self-government what would be Australia's constitutional and economic relationship at this stage? In short, on what conditions would Australia grant self-government?

In particular:—

(a) Would Australia be prepared to continue to provide major financial assistance to the Territory after self-government and under what conditions?

(b) What would be the nature of the links between Australia and the Territory at Government level?

It is the desire of the Committee to assure the Commonwealth Government that the people of Papua and New Guinea will accept the principles of the Rule of Law and embody those principles in any constitutional changes which may be made.

[NAA: A1838, 936/5 part 4]

23 MINUTE, JOCKEL TO PLIMSOLL

Canberra, 7 March 1966

SECRET

Papua New Guinea: constitutional developments

I have read the notes prepared in Mr. Booker's Division¹ on the draft Cabinet Submission prepared by the Department of Territories.² I have not seen the draft Submission itself, which I understand you are holding.

2. The following notes are intended to amplify the paper prepared in Mr. Booker's Division entitled 'United Nations Aspects of Draft Cabinet Submission Prepared by the Department of Territories'.³ These notes rightly stress the need for us to secure the agreement of the United Nations to the status which the Territory is to achieve. The notes say that if we are to carry out the obligations which are imposed by the Charter and the Trusteeship Agreement, and if we are not to provide critics in the United Nations with a focal point of attack, it will be necessary for us to secure the agreement of the United Nations to the status which the Territory is to achieve. At another point in the notes it is also said that it is desirable to seek the agreement of the United Nations if only to avoid continuing interference in the affairs of the Territory by the Committee of 24.

3. I think the argument could be strengthened by making a good deal more of the international politics of the situation. Basing myself to some extent on the experience which Malaysia has had with Indonesia,⁴ it seems to me important that we should make

¹ Presumably, attachments to Document 14.

² Apparently, draft of 9 February 1966 in NAA: A1838, 936/5. Final is Document 25.

³ Attachment 'A' to Document 14.

⁴ See footnote 2, Document 12.

use of the United Nations in a positive way as an instrumentality in our policy. I have in mind that the United Nations role in the de-colonisation of the Borneo Territories, even although neither of them was covered by the Trusteeship Agreement of the United Nations, was of great value to Malaysia. By bringing the Borneo Territories into Malaysia with the assistance of the United Nations, through the report of the Secretary-General on the exercise of self-determination, Malaysia's case with the Afro-Asian world was greatly strengthened and this stood Malaysia in good stead when the issue was taken in the Security Council.⁵

4. It is for positive reasons, rather than merely avoiding criticism at the United Nations, that it seems to me essential to have United Nations endorsement and goodwill for whatever solution is reached for TPNG. We want so to arrange matters that TPNG comes into the international community with the blessing and support of the United Nations so that (i) potential troublemakers will in some degree be deterred (without over-emphasising the point I believe there would be some deterrents) and (ii) so that we would be strongly placed to invoke the moral and political support of the United Nations if we need it. Of great importance, too, in this picture is the position of our allies. The United States, in particular, is much more likely to give us whole-hearted support if our policies have won the acceptance of the Afro-Asian countries and it will be in the United Nations, for a large part, that the attitudes of the Afro-Asians will be formed.

[NAA: A1838, 936/1/3]

24 MINUTE, BOOKER TO JOCKEL

Canberra, 7 March 1966

SECRET

Papua/New Guinea: future developments

Re your minute of 7th March.¹

2. I commend to you Mr Shaw's² recent despatch on the state of the United Nations.³ It does not encourage any hope that the influence of the United Nations on the future of Papua/New Guinea is likely to be beneficial.

⁵ See Dee, *Australia and the formation of Malaysia*.

¹ Document 23, which was copied to Booker.

² Patrick Shaw, Australian Ambassador to the United Nations, New York.

³ 17 February. Shaw reported at length on the growing size and influence of the Afro-Asian bloc in the United Nations. Noting that the recent session of the General Assembly represented a watershed in the voting power of this group, he wrote of its 'capacity to mobilize its voting majority on any issue which it considered to be in its regional interests or which had an anti-colonialist or even an anti-Western overtone'. There had been a resultant 'debasement of the currency' whereby 'Resolutions can be pushed through whether or not they are sensible or constitutional or even grammatical so long as the Afro-Asian majority crack their party whips'. Reflecting on the 'anti-colonial which-hunt', Shaw remarked that 'we may think, hopefully, that we will have more of a meeting of the minds ... when the albatross of colonialism has been loosed from around our

3. I think, however, there may be a lot in his view that the debasement of the organization will mean that it will have a diminishing influence on Western opinion—even the U.S.
4. By all means let us seek the concurrence of the majority of the U.N.: but it must be recognized that our territories are dealt with pretty cynically and as no more than a piece in the political game. It also needs to be borne in mind that U.N. pressure may ultimately be applied as heavily on us to open the doors to free immigration as to grant independence. In fact, of course, both are likely to be demanded.

[NAA: A1838, 936/5]

25 SUBMISSION NO. 71, BARNES TO CABINET

Canberra, 10 March 1966

TOP SECRET

Papua and New Guinea: ultimate status

Cabinet recently considered what attitude might be adopted by the Commonwealth Government towards *short-term* or interim constitutional development in Papua and New Guinea.¹ This submission is concerned with what attitude the Government might adopt at the present time towards the *long-term* constitutional status of the Territory and what lines should be followed on certain matters likely to arise in exploratory discussions in April 1966 with the Papua and New Guinea Select Committee on Constitutional Development.

Western necks. This should not take so very long if we are considering only the minor colonial possessions in the Indian and Pacific Oceans and if the anti-colonial majority can be persuaded to accept our thesis that Papua – New Guinea is not a colonial problem. But they do not accept this thesis and deep-rooted prejudices last ... In short, in the United Nations game we find that the other side is now fielding more men, and the rules are Rafferty's, and the play is rough. The World Series will go on and Australia simply cannot take its ball home. At some unforeseeable time in the future, the balance of the teams may move a little in our favour. But in the meantime all we can do is to accept a down-grading of the stakes and develop defensive tactics. While tolerating some playing to the gallery by the other side, we should demand, so far as we can, a strict adherence to the written rules of the game. We must field a strong team and work with our friends to obstruct the other side ... To sum up, we should recognize that General Assembly resolutions need not always be taken at their face value and we should be prepared to accept some debasement of the currency of resolutions of an exhortatory or declaratory nature in circumstances which are not vital to our immediate interests or which will not add up to a dangerous long-term precedent. At the same time, we should do all we can to maintain respect for the legal limitations on the basic constitutional obligations which members have assumed under the Charter and to advocate a strict interpretation of the constitutional relationships between United Nations organs that it lays down. This would involve a reversal of the expansion of the General Assembly's role that the West encouraged during the period in which it controlled the Assembly and was faced with a recurring Soviet veto in the Security Council. Such a change in direction would not be irrevocable. But to accept a change for the time being, in the possibility that the Assembly may emerge to a stage of greater maturity and responsibility in which we may wish to see its role strengthened again, would seem to be in the long term as well as the present interests of Australia' (despatch 1/66, NAA: A1838, 906/20/4). Booker responded to Shaw: 'I found [your despatch] most interesting and illuminating, and we are using it widely for the education of such people as the officers of the Department of Territories!' (9 March 1966, *ibid.*).

1 See Document 5.

The Select Committee on Constitutional Development

2. Arrangements are being made, at its request, for the Select Committee on Constitutional Development of the House of Assembly to visit Canberra soon for exploratory discussions.

3. Under its terms of reference the task of the Select Committee is—

‘To draft for the consideration of the House of Assembly a set of constitutional proposals to serve as a guide for future constitutional development in the Territory.’

At an informal meeting I had with the Committee in Port Moresby in January this year² the Committee was pre-occupied with seeking some guidance from the Government on which alternatives for the future political status of the Territory they might put to the people for an expression of the people’s views. They indicated clearly in these informal talks that from their point of view an important question for the exploratory discussions in Canberra would be the range of special relationships (i.e. relationships in the long-term) between Australia and the Territory that would be acceptable to Australia.

4. In addition to this question the Committee indicated that it wished, in these exploratory discussions, to canvass such points as the difference in status between Papua and New Guinea and the implications of this difference; the conditions on which Australia might grant internal self-government; Australia’s role, constitutional and economic, after self-government and in particular the position with respect to Australian aid to the Territory after self-government; and migration between Papua and New Guinea and Australia. The Committee indicated that it would no doubt find other matters before the meeting took place that it would wish to explore.

5. I discouraged the Committee from expecting that the Government would wish to or would be in a position to be specific about the ultimate status of the Territory. I put it to the Committee that the advancement of the Territory to self-government was the first objective which should be looked to at this stage and for this reason the Committee should concentrate its enquiries on the steps that should be taken to reach that objective. The Committee, however, appeared to have got itself into a position, both from its interim report in November to the House of Assembly and in its own thinking, where it considered it necessary to test opinion on the long-term future of the Territory. At the conclusion of our talk the Committee did seem to have moved away from thinking about testing specific possible future constitutional arrangements towards thinking about what broad political paths were open for the Territory to follow in terms of possible future relationships with Australia.

6. With regard to the level of economic aid which the Territory might continue to receive in future years I told the Committee that the Government and Parliament had accepted the World Bank Mission Report as a basis for planning and it would not be realistic to expect the Government to undertake at this stage any commitment beyond the five-year period to which that programme would apply.

Background to Committee’s request for discussions

7. A number of factors have influenced the Committee to seek discussions in Canberra. Enquiries commenced by the Chairman of the Select Committee³ to obtain the views

2 See Document 3.

3 John Guise.

of the people on a single name, flag and anthem for the Territory, suggested by the Trusteeship Council as being important issues to be decided now, aroused concern. Part of the opposition took the line that before deciding on these symbols of unity the Papuan and New Guinean people should consciously decide whether they wished to join together in a single future. Since Papuans are 'Australian citizens' and New Guineans are 'Australian protected persons', a proposal to unite Papuans and New Guineans under a common flag, name and anthem implied to some Papuans that they would be abandoning their Australian citizenship. Part of the opposition also came from conservative elements some of which want to see no change in the present arrangements for many years and some of which want Papua and New Guinea to be admitted at some time in the future as a 'state' of the Commonwealth. (There are of course some who look to independence as the long-term objective, although as yet only few voices have publicly expressed that view.)

8. The Committee now appreciates that it cannot go very far in seeking the people's views on the ultimate status of the Territory without taking into account the difference in status of Papua and of New Guinea; and it considers it cannot adequately canvass the views of the people of Papua and New Guinea regarding their political future without having the Commonwealth Government's views on what special relationships might ultimately prove practicable (or, more exactly, what forms of eventual special relationship would *not* be acceptable to Australia).

Reasons for considering now the political status of Papua and New Guinea in the long-term

9. The question of the Government's views on the future relationship of Australia with Papua and New Guinea arises apart from developments in the House of Assembly. Cabinet has not hitherto recorded a decision on Australia's position in relation to the ultimate status of Papua and New Guinea. Statements about the political future have emphasised the principle of self-determination; there have been references to self-government or independence as possible outcomes and to a variety of possible associations with Australia that could be discussed between Australia and the Territory when the time should come.

10. There is much to be said for a broad decision now on what the Government would prefer under present circumstances and at this time to envisage as the nature of the *eventual relationship* of the Territory to Australia. Policy decisions taken now and over the next few years could then to the relevant extent be governed by the Government's broad objective. For example, policies of economic development including trade and investment, the level of financial aid and the nature of education policies could be responsive in varying degrees to any such broad attitude that might be adopted now by the Government. Possibly other Commonwealth policies such as defence expenditure and planning would be affected. The decisions on policy matters of these kinds might vary according to whether the broad attitude is that Australia should, as soon as this is decently manageable, disengage from the Territory or alternatively, whether Australia should actively pursue policies directed towards an ultimate association. Similarly reactions to political or other new developments could be guided by the broad policy posture. To the extent that this may be desirable steps taken from time to time by the Government or by the Administration may be adapted to influence the people to look towards that broad policy objective as the outcome of the Territory's political development.

11. For the purposes of this submission it appears that the various possible broad policy objectives may be considered under three principal headings:—

- (1) unqualified independence;
- (2) association with Australia—
which might take the form of
 - (a) independence for Papua and New Guinea with special treaties or agreements with Australia;
 - (b) self-government for Papua and New Guinea with certain powers (e.g. defence, external affairs) reserved to Australia; or
 - (c) close association as described in paragraph 17 below;
- (3) integration with Australia.

Unqualified independence

12. The concept here is one of eventual disengagement and withdrawal by Australia from the Territory. It connotes independence *without* special treaties or agreements designed to safeguard special Australian interests. A long-term policy objective of independence as here defined would imply that Australia would in the future be following its own path with little regard to events in Papua and New Guinea; i.e. there would be no serious implications for Australia if the government of the Territory crumbled away into instability or even chaos, or if a hostile power were to gain influence in Papua and New Guinea or even to take the country over.

13. {} While the distinction between Papua as an Australian Territory and New Guinea as a Trust Territory no longer has much practical importance in *U.N. eyes*, there could be a significant difference between the Territories for Australian constitutional purposes. No formal opinion has been sought from the Attorney-General's Department but the quick reaction of that Department is to feel that, while in the case of the Trust Territory of New Guinea, it is probable that, having regard to the terms on which that Territory was accepted, and is administered, by Australia the granting of independence to it could be justified constitutionally under the external affairs power, in the case of the Territory of Papua the international element is not nearly so strong. The Attorney-General's Department takes the view that the question whether independence (as distinct from substantial self-government) could be granted in the case of Papua raises a substantial constitutional question to which a good deal of consideration would have to be given before a confident answer could be given. In the meantime, it believes that it ought not be assumed unqualifiedly that there could be no impediment under the Australian Constitution as it stands to such a grant of independence.)

Association

14. If there are special Australian policy objectives to be sought in Papua and New Guinea after self-determination, whether of a security, political, economic or other character, these objectives could be sought through some form of association. For present purposes the main possible forms of association are taken to be those listed in paragraph 11 above, and these are considered individually in the following paragraphs.

Association—independence with treaties

15. The aim of policy would be to secure Australia's special interests (e.g. defence, trade) by treaties, and by other means (economic aid, provision of skilled manpower, etc.) compatible with Papua and New Guinea's constitutional independence.

Association—self-government with reserved powers

16. The Territory would have full internal self-government but there would be legally entrenched provisions reserving certain powers to the Australian Government e.g. defence, internal security, external affairs.

Close association

17. The concept of close association for the purposes of this submission includes but goes beyond self-government with defence and external affairs powers reserved to Australia; it relates to an association based on a much closer relationship deriving from a wide range of possible administrative, economic, legal, constitutional or other links, but falling substantially short of 'integration' with Australia as a State. For example, the Commonwealth at present guarantees public loans in the Territory. Arrangements could be worked out, with adequate safeguards for the Commonwealth, whereby arrangements of this sort could be continued. A continuation and possible extension of common services between Australia and the Territory in, for example, civil aviation, meteorology, specialised engineering works, scientific and industrial research etc., are possibilities. The possibility of special arrangements for the Territory in immigration matters (without breach of the Australian immigration policy) is discussed in paragraphs 39 to 43 below. Presumably common currency arrangements could be maintained. Special trading arrangements such as adaptations of the free trade area concept might be set up. These illustrations suggest that practicable forms of close association could be devised which would go considerably beyond internal self-government with certain powers reserved to Australia. A variety of constitutional links apart from the reservation of specific powers would be conceivable. If at the appropriate time in the future the policy attitude were in favour of some constitutional arrangements to strengthen the close association particular devices could be worked out adapted to the circumstances of Australia and Papua and New Guinea falling short of 'Statehood'. Subject to this last reservation, the arrangements could be drawn so as to result in as loose or as tight an association as might be desirable.

Integration with Australia

18. Apart from 'association' as described above, a possible approach would be to seek to secure Australian interests by integration with Australia. The view that the Territory could become a 'state' of Australia seems to be widely held amongst sections of the Territory population. It is probable that many of those who hold it do not have a clear idea of what they mean. Insofar as the Territory becoming a State of Australia means admission of the Territory on equal terms similar with the existing states the proposal seems impracticable, at least for many years to come. To extend to 2¼ million people of different race, with different standards of living, customs, etc., the option of free movement to any part of Australia seems out of the question in the light of the policy aim of a generally integrated and predominantly homogenous population. The addition of 2¼ million people to the Commonwealth electorate to be represented in the Commonwealth Parliament on the same terms as the present Australian population of 11¼ million similarly seems out of the question. Neither does it seem practicable to include the Territory within the Australian tax and social services systems at any rate at present.

19. (The Attorney-General's Department takes the view that as a matter of constitutional law a Territory can probably become a State of the Commonwealth under the Commonwealth Constitution as it stands, but opinions on the matter have not been unanimous and the matter cannot therefore be regarded as being completely free from doubt.)

20. Whatever relationship may prove practicable and acceptable in the long-term between the Territory and Australia, it is considered that integration as a state on equal terms with the existing states may be eliminated as a realistic possibility under existing circumstances. In that case there might be advantages in this being clearly understood so that advocacy of this course may be discouraged and the raising of false expectations avoided. Care should however be taken to avoid giving the Territory people the feeling that they are being rejected by Australia with the consequent risk of the whole of the Australian operation in the Territory becoming soured.

21. If integration as a seventh state is discarded as a possible broad long-term policy objective the broad options remaining are independence or some kind of association short of integration. A wide range of considerations affect a choice at this time between a policy attitude directed towards eventual disengagement and a policy attitude directed towards association in one form or another as the broad objective. This submission does not attempt to provide a detailed analysis of these issues. They may have to be weighed in detail at a future stage when decisions are being made about any specific relationship between Papua and New Guinea and Australia. The issues considered below are those which at present seem to have a particular relevance. These are:—

- (i) Importance of Papua and New Guinea to Australia's defence and security;
- (ii) Commonwealth expenditure;
- (iii) Trade and finance;
- (iv) Private investment from Australia;
- (v) Social services;
- (vi) Immigration;
- (vii) Australia's position vis a vis U.N.;
- (viii) Australia's obligations to the Territory.

Defence aspects

22. The Minister for Defence has approved the statement prepared by the Defence Committee at Annex A. The Department of Defence has provided to the Department of Territories a summary view as set out in the following paragraphs 23 to 27.

23. Defence policy for the security of Australia and its island territories has been based on a forward defence strategy to hold South East Asia. In terms of this policy the retention of facilities in Papua and New Guinea is of great importance in ensuring the passage of our forces between Australia and South East Asia and the maintenance of communications between Australia and United States bases in the Pacific. We also need to retain these facilities for the defence of the Territory itself particularly against Indonesia, and in some circumstances, to reduce the risk to our Eastern seaboard. Should Papua and New Guinea come under the control of an administration unfriendly to Australia and the West in general, this would, in addition to the direct military consequences, facilitate the further penetration of the Pacific by hostile influences.

24. In the interests of Australian defence as well as the defence of the area it is important that access to the Territory of Papua and New Guinea and its base facilities be maintained.

25. The vigorous prosecution of policies which will develop good relations between Australia and the indigenous population will facilitate the achievement in due course of

whatever new defence arrangements are appropriate to the future constitutional status of the Territory, and provide a basis thereafter on which Papua and New Guinea may remain well disposed towards Australia. Future defence arrangements in the circumstances envisaged above should include definition of the following:—

- a. Retention of present and planned base and transit facilities in the Territory;
- b. Right to maintain forces as required in Papua and New Guinea;
- c. Dependent on the above a commitment to defend the Territory against overt and covert aggression.

Conceivably a Papua and New Guinea Government in such future defence arrangements might wish to reserve the right to consult us regarding the provision of Australian forces in an internal security emergency.

26. It is difficult to judge the extent, if any, to which a presumed range of future constitutional options for Papua and New Guinea would affect our capacity to undertake the defence of the Territory or to maintain an adequate military presence there. However, as suggested above, it would be judicious to assume that apart from the external threat the ultimate issue, perhaps overriding constitutional forms, will at any time be the political attitude and political requirement of the popular Government of the day in Papua and New Guinea. Without the genuine concurrence of the local government, and to a considerable extent irrespective of our legal defence powers under constitutional or treaty arrangements, Australia's military efforts and presence could be seriously impaired or frustrated by indigenous opposition.

27. The constitutional development of Papua and New Guinea to a stage where it ceased to be a Territory of Australia within the meaning of the ANZUS Treaty would significantly modify the existing United States commitment. The Treaty is applicable to Papua and New Guinea itself only whilst it remains an Australian territory. If Papua and New Guinea ceased to be an Australian territory ANZUS in its present form would no longer apply directly, and there could be great difficulties in obtaining the United States agreement to any modification of the Treaty. ANZUS would however still apply in the event of an overt attack on Australian forces in Papua and New Guinea.

28. The defence assessment in Annex A and in paragraphs 23 to 27 above suggests that the importance of Papua and New Guinea in Australian defence and security is such that total Australian policies towards Papua and New Guinea should be directed to achieving the securest possible tenure for Australian defence positions and interests in the Territory. The defence assessment stresses that the goodwill of the government of the day and of the people of Papua and New Guinea may be the factor that would decide whether Australia could maintain an adequate military presence in the Territory and that this factor may be more important than constitutional forms. For the purposes of this submission, the judgment to be made is which of the courses listed in paragraph 11 is likely to be most effective in achieving these objectives, and as discussed in paragraphs 51 to 56 below, a policy directed towards one or other form of association seems likely to be more effective than a policy directed towards disengagement.

Commonwealth expenditure

29. In terms of direct monetary aid and actual expenditure by the Commonwealth, the Government seems faced with continuing a substantial level of aid to the Territory in the foreseeable future whatever the ultimate political status of the Territory. An objective of continuing association would seem to imply an onus on Australia to maintain a higher level of administrative and financial contribution in the Territory than otherwise. It does not, however, imply an obligation by Australia to raise Territory levels of income and standards of living to Australian levels. (For example if this point arises in connection with social services—see paragraph 38 below.)

Trade and finance

30. In recent years Australia has absorbed something like 50% of the Territory's exports and supplied almost two-thirds of the Territory's imports. The Territory trade accounts with all countries resulted in 1964/65 in a deficit of \$30M.

31. As long as Australia provides economic assistance to the Territory on a substantial scale, measures to increase Territory exports, including exports to Australia, will be important in Australia's interests.

32. The Australian market however offers only limited opportunities for the expansion of tropical plantation products and timber which apart from copper—and in the absence of oil—are likely to be the Territory's main exports in the foreseeable future. Copper could become a major Territory export but this, too, will have to find a market outside Australia.

33. With the increasing Australian population and with new products becoming available in quantity from the Territory there will be some scope for the expansion of trade with Australia especially in tea, which the Territory will soon be producing in substantial quantity. With continued development and rising incomes, moreover, the Territory market is likely to become more important to Australian exporters. A policy directed towards a continuing association between the Territory and Australia seems likely to provide on balance some advantage so far as trade aspects are concerned though it does not appear that the trading connections would necessarily be critically affected if a policy directed towards disengagement were followed.

34. The Territory is part of the Australian monetary area and its international monetary transactions at present result in a net liability to Australia. However, the Territory provides Australia with commodities which would otherwise have to be bought on the world market with a resulting debit in Australian international payments. As against that Australia supplies the Territory with certain commodities and services which might otherwise be used directly or indirectly to increase Australia's exports. It is therefore not easy to obtain a precise measure of the total effect which our economic relationship with the Territory has on our international balance of payments.

35. While the net effect is likely to be negative at present the picture could well change and a favourable balance of trade and of payments for the Territory with the rest of the world could result as the programme for expansion of export industries proceeds over the next decade and especially with a successful development of copper resources and—more speculatively—a discovery of mineral oil deposits.

36. There are moreover good prospects of obtaining some capital and other aid from international agencies and if the right investment climate can be created substantial

private non-Australian capital might be attracted. It is possible that the Territory could in the longer term contribute to Australia's foreign exchange resources if it remained in the Australian monetary area. Eventual unqualified independence would not necessarily mean that the Territory would cease to be part of the Australian monetary area; but a close association would diminish the prospects of such a separation. As long as the Territory remains within the Australian monetary area, it will need to accept certain monetary disciplines. Subject to this, the question whether the Territory is or is not included in the Australian monetary area would not weigh heavily in arriving at a decision about the attitude that might be adopted now regarding the ultimate status of the Territory.

Private investment

37. As part of the present economic development policy for the Territory external investment is encouraged. The willingness of foreign and Australian investors to commit capital in the Territory is influenced among other things by their expectations regarding political developments there including the eventual political status of the Territory. Commonwealth Government policies which created confidence in the future stability of the Territory would be likely to foster increased investment. A belief on the part of businessmen or investors that Australian authority would be withdrawn from the Territory would be likely to discourage investment. In this connection the present Australian overseas investment insurance scheme does not apply to investments in Papua and New Guinea and although in the event of independence it would presumably apply, it would not then cover investments undertaken prior to independence. So far as the volume of external investment in the Territory is concerned a policy attitude directed towards continuing association after self-determination would be likely to promote the objectives of economic policy in the Territory.

Social services

38. The Australian pattern of social services does not apply in the Territory. In particular, the Territory has no system of age, invalid or unemployment allowances. The care of the aged and of those who cannot earn their own living falls on the village community. A system of pensions on the Australian pattern and at the Australian levels would present intolerable costs in relation to the level of revenue obtainable in the Territory and would be inappropriate to present circumstances there. It may be that the attractions of the Australian system of social services are an element in the thinking of some of those who support integration with Australia. If, however, a relationship of association were viewed as a possible outcome, the social services system of the Territory could be left for development in harmony with progress in other fields there and in a way adapted to the Territory's own circumstances.

Immigration

39. Immigration considerations might seem *prima facie* to point to a policy of disengagement since association (in any form) suggests that conditions of entry for Papuans and New Guineans into Australia for permanent residence would be easier than those for non-Europeans generally. It is by no means certain however that Papuans and New Guineans would regard *free* access to Australia as a necessary part of association arrangements.

40. Not many Territory people have applied for permission to settle in Australia although, in the case of Papuans, a good many of them have for some time been conscious of their

legal status as ‘Australian citizens’. Such applications can be expected to increase. At the moment the Administration controls exit from the Territory under local ordinance but the future Papua and New Guinea Government will itself have to consider controlling absences for employment elsewhere to avoid denuding the Territory of its people who have skills, qualifications and enterprise.

41. Assuming an ‘open door’ policy is out of the question—having regard to differences in wage levels, standards of living, customs and social behaviour—there will be cases from time to time where refusal of entry to Australia for permanent residence would threaten damage to relations between Papua and New Guinea and Australia. This is particularly so in relation to Papuans in view of their legal status as ‘Australian citizens’. It may be thought desirable that entry for permanent residence should be possible in selected cases (or categories of cases) of this kind, at the discretion of the Minister for Immigration in consultation with the Minister for Territories. Such modest extensions of present practice would seem not only to be consonant with an intended association but to be desirable during any process of disengagement.

42. If association is to be the aim, a further measure which could be adopted without breach of present immigration policy would be to develop the present practice of enabling Papuans and New Guineans to come to Australia for temporary periods for education, training, tourism, business and official purposes. In particular, it should be possible to increase the at present very small number of people coming to Australia for practical training and experience.

43. In addition, changes can be made in documentation and other procedures associated with travel from the Territory to Australia to avoid unnecessary discrimination between the indigenous inhabitants and various other categories of travellers, and to avoid our appearing to treat Papuans and New Guineans as foreigners in such procedural matters.

United Nations

44. Although there is a difference in status between Papua as an Australian territory and New Guinea as a trust territory it appears that this distinction no longer has much practical importance in U.N. eyes. Under the United Nations Charter, Australia has accepted the obligation to develop self-government in the case of Papua and in the case of New Guinea ‘self-government or independence as may be appropriate to the particular circumstances of the Territory’. In any case the probability is that Australia is committed to self-determination for both territories.

45. Apart from the obligations under the Charter, the General Assembly has affirmed in Resolution 1514 (Australia and some other countries abstaining) the right of all people to determine their political status, and ‘declares that immediate steps shall be taken, in Trust and non-self-governing territories or all other territories which have not yet attained independence, to transfer all powers to the peoples of those territories’. Resolution 1541 (Australia again abstaining with some other countries) states that a non-self-governing territory can be said to have reached a full measure of self-government by—

- a) emergence as a sovereign independent state;
- b) free association with an independent state; or
- c) integration with an independent state.⁴

4 For further explanation of resolutions 1514 and 1541, see attachment ‘A’, Document 14.

46. There is an area of disagreement internationally as to whether Resolution 1541 applies to trust territories. There is also an apparent inconsistency between Resolution 1514 which seems to have the purpose of declaring that all territories shall be given independence, and Resolution 1541 which provides for integration and free association as alternatives to independence for non-self-governing territories.

47. A choice now to adopt a path towards association or a path towards disengagement would not necessarily bring immediate difficulties in the United Nations. If a form of association short of constitutional independence (i.e. other than 1 or 2(a) of paragraph 11) were ultimately entered into it is likely on present indications that a majority of U.N. Members would at that time regard this as an unacceptable resolution of the status of a trusteeship or non-self-governing territory and would not agree to release the Territory from the surveillance of the United Nations. There would, of course, be no international difficulties when the time came for action if the ultimate outcome were unqualified independence. Nevertheless, whatever the path to be followed, on the present temper of a majority of the United Nations Australia can expect to be increasingly exposed to criticism or attack on the timetable of political development in the combined Territory.

Australia's obligations to Papua and New Guinea

48. The Territory people have been assured that Australia will provide help to them as long as they need and want it; they have been assured that Australia would not leave in a hurry. If it were concluded that in terms of Australia's interests a path towards disengagement should be followed, this would not mean that Australia's commitments to the Territory could be tapered off rapidly. Even if we had no long term interests in the Territory, considerations of national prestige and the likely reaction in the Australian electorate would dictate against a course of withdrawing at a stage at which political or administrative disorder would be likely to follow.

49. Thus the choice between a path leading towards disengagement and a path leading towards association or close association does not seem to be a choice between freedom from onerous commitments and the acceptance of onerous commitments but rather a choice between accepting less onerous or more onerous commitments. So long as the commitments continue, to follow a path directed towards association is likely to help in the discharge of those commitments through its effect on the confidence of the people in the Territory, whether in Government or private enterprise, expatriate or indigenous.

Summary of considerations

50. The foregoing consideration of the various issues suggests that Australia's defence and security are the most powerful factors influencing a choice at this time between a policy attitude directed towards continuing involvement or association and a policy directed towards disengagement. Some implications of the defence assessment are suggested in paragraphs 51 to 56 below. With regard to the other issues discussed above it appears that a choice of association as the long-term objective might imply a need to maintain a higher level of aid to the Territory than otherwise. It may mean that immigration to Australia from Papua and New Guinea would present more difficulties than would a policy objective of disengagement but it may not be as difficult as it seems at first sight to devise suitable practicable immigration arrangements. Insofar as the United Nations is concerned, criticism may be expected on the timetable of political development in any case and the outcome of unqualified independence seems likely to be the only policy result which would escape charges of neo-colonialism etc. in the absence of some sweeping

change in the attitude of the Afro-Asian and Communist Blocs. On the other hand, trade, finance and investment do not seem to have any weighty bearing—if anything there seems to be some advantage in a policy objective of continuing association. The satisfactory discharge of Australia's obligations to the Territory would, it appears, be facilitated by a policy directed to eventual association.

51. With regard to the defence and security of Australia, since the defence assessment concludes that it is important that access to the Territory of Papua and New Guinea and its base facilities be maintained it appears that unqualified independence as a long-term policy objective should be ruled out (though it may turn out in practice that a situation of unqualified independence may have to be accepted) and that the present broad policy attitude should face towards eventual association rather than disengagement.

52. At this juncture it does not seem necessary to choose firmly between the three types of association mentioned or to attempt to define them more closely.

53. Independence with treaties has attractions from an international standpoint and in some circumstances might be psychologically more attractive to the Papua and New Guinea people. On the other hand maintenance of defence bases under treaty or special arrangement seems of itself to be likely to attract hostility (e.g. Singapore, Egypt, Iraq) making bases insecure if not untenable.

54. Self-government with external affairs and defence powers reserved to Australia may also provide a target for political agitation and external criticism.

55. The attitude of the people of the Territory to Australia is at present vastly different from the attitudes of previously colonial peoples elsewhere to their administering powers. This may change but on the present outlook it appears that greater goodwill would be forthcoming throughout the course of political development if Australia showed a willingness now to accept a close association as outlined in paragraph 17 than from Australia's encouragement of movement as soon as practicable to independence plus treaties.

56. In terms of security of defence arrangements it would appear that the closer and more pervasive the association the more likely it would be that the goodwill of the Territory people would be retained and the more durable the defence arrangements would be.

57. The policy attitude should not be regarded as static. Review from time to time will be necessary. For example, better health services and the general lifting of living standards will no doubt lead to a substantial and possibly rapid increase in the present Territory population of 2¼ million. Education and improved communications may lead to pressures for continued expansion of education facilities and community and government services. Industrial expansion will be expected to keep pace with the demands for employment. Pressures of these kinds for aid greater than it appears reasonable to give may lead to changes in the present predominantly favourable attitude of the Papua and New Guinea people towards Australia. On the other hand there is at present a basic awareness on the part of Papuans and New Guineans of the advantages to them of close association with Australia, and this may continue.

58. All in all, under present conditions it is considered that the Government's present posture towards the long-term political future of the Territory should be one of accepting an eventual close association between the Territory and Australia, if this is what the people of the Territory decide they want.

Discussions with Select Committee

59. As noted in paragraph 3 above the Committee in the preliminary discussions in January in Port Moresby emphasised the question of the range of possible special relationships with Australia. Whether or not the Committee pursues this question there appear to be advantages in the Government taking the opportunity to state a view.

60. No difficulty is seen in a general statement that for its part, the Government does not see the difference in status of Papua and of New Guinea as leading to a preferred position for Papuans as against New Guineans in respect of relationships with Australia; the difference in status has some legal consequences, but in terms of treatment by Australia after self-determination the Government's position is that New Guineans would be treated no less favourably than Papuans; the present difference in status should not therefore be regarded as a factor having practical significance for the purpose of the Select Committee's inquiries.

61. If Cabinet agrees with the position arrived at in paragraph 58 above—that the Government's present posture should be one of accepting an eventual close association if this is what the people of the Territory decide they want—then the Government's view could be stated on the following lines:—

- The Government's policy towards the Territory is one of self-determination. The first target is internal self-government. With this achieved it will be for the people of the Territory to decide eventually what they would like to see as the ultimate political status of the Territory; it will be the view of the people at the relevant time that will be important in relation to specific arrangements and not the views of the people at this time.
- If the Select Committee finds that the present outlook of the people is in favour of eventual independence this would be an acceptable situation to the Government; if, on the other hand, it is found that the people of the Territory are looking towards an association or even a close association with Australia this also would be an acceptable path for them to follow from the point of view of the Australian Government. Such an association could take a variety of forms, though it does not appear that integration of the Territory with Australia as a State on equal terms with the existing States would be a practicable outcome, or one that was in the interests of either Australia or the Territory.
- The attitude of the Australian Government is that it will go on helping in the Territory but the co-operation of the people and of their representatives is a necessary part of that help; i.e. in matters like land tenure and the development of mineral or forestry resources, co-operation is necessary and in political affairs it is a prime responsibility of political representatives to co-operate in achieving a smooth transition from political dependence to efficient self-government in the Territory; after internal self-government is achieved if the people of the Territory continue to want help from Australia the Australian Government will not walk out on them.
- A smooth and orderly transition to self-government will require progress in certain essential areas e.g. development of a local public service which can efficiently maintain the basic services of government; progress towards a viable economy; the development of an informed electorate; an education system which will provide people with the skills required in commerce, industry and the public

service; and governmental arrangements which place due financial responsibility on the Territory executive government.

- With respect to migration between Papua and New Guinea and Australia an examination will be made of the conditions applicable for the movement of Papuans and New Guineans to Australia and of the procedural requirements; in the longer term in the event of the outcome being association with Australia, precise migration arrangements as liberal as practicable (but short of completely free access) would be worked out at the time as part of the detail of the form of association.

Recommendation

62. It is recommended that:—

- (a) the Government's present posture to long-term political development for Papua and New Guinea be one of accepting an eventual close association between the Territory and Australia if this is what the people of the Territory decide they want (such association to exclude integration of the Territory with Australia as a state on equal terms with present States) and
- (b) in the forthcoming talks with the Select Committee the Government's views be expressed along the lines of paragraph 61 above.

Attachment

[*matter omitted*]⁵

Future of Papua/New Guinea—defence considerations⁶

The ultimate aim of our defence policy is to ensure the security of the Australian mainland and its island territories including Papua/New Guinea and to secure our sea and air communications. This policy has been based on a forward defence strategy to hold South East Asia, thus providing Australia with defence in depth. The forward defence strategy also provides Papua/New Guinea, for whose external defence we are presently responsible,

⁵ Matter omitted indicates that the paper had been endorsed by the Defence Committee on 17 February 1966.

⁶ Views on the paper from within PMD were expressed by A.T. Griffith (Assistant Secretary, External Relations and Defence): '[the paper] is aimed to affirm an overall policy of the importance to Australia of infra-structure in Papua/New Guinea as much for the defence of Australia as for the defence of the Territory. The importance of these considerations will remain after New Guinea becomes independent. The Defence Committee concludes that therefore the defence of Papua/New Guinea is intrinsic to the defence of Australia. I think that this is a reasonable position. Certainly every country defends its frontiers where they exist and has a plan for the defence of frontiers. This need not be unduly emphasised in our public attitudes but Australia would be gravely amiss if it did not ensure against Indonesia going sour again. The Communist Party of Indonesia is underground but it is a very large one and Chinese influence in Indonesia is bound to be considerably sustained. We should aim to develop constructive relations between Indonesia and Australia particularly at the level of military contact. The value of this experiment has been successful. We should endeavour where politically practicable to have good personal links with Indonesian military leaders such as Nasution. Nevertheless we have a requirement to take cognizance of the fact that we have a common frontier with Indonesia and we cannot assume that friendly elements will be in charge of the country all the time. We must therefore build quietly an effective infra-structure in the area. Any country approaching independence requires also an indigenous military component. There could be nothing offensive in such a process'. Secretary of PMD Sir John Bunting made no comment on this section of Griffith's note (undated note by Griffith on draft of Defence Committee paper, NAA: A1209, 64/6467).

with defence in depth against attack from South East Asia. In terms of Australia's national security there is an important inter-relation between these considerations since the retention of facilities in Papua/New Guinea is of great importance in ensuring the passage of our forces between Australia and South East Asia and the maintenance of communications between Australia and United States bases in the Pacific. We also need to retain these facilities for the defence of the Territory itself particularly against Indonesia, and in some circumstances, to reduce the risk to our Eastern seaboard. Should Papua/New Guinea come under the control of an administration unfriendly to Australia and the West in general, this would, in addition to the direct military consequences, facilitate the further penetration of the Pacific by hostile influences.

2. More specifically, Papua/New Guinea is of strategic importance to Australia for the following reasons:—

(a) *Lines of communication*

So long as Australia maintains her policy of forward defence in South East Asia it will be essential to maintain secure lines of communication for the maintenance of the forces committed in support of that policy. The most direct strategic sea and air routes between Australia and South East Asia lie through or across the island chain which comprises Indonesia. The facilities which are being developed in Papua/New Guinea are of great importance for Australian air and sea routes to bypass the Indonesian archipelago.

The use of these direct routes would be most advantageous in any Australian involvement in hostilities in South East Asia such as has occurred in Malaysia and South Vietnam. However, present policy for strategic movement is generally to avoid the territory of Indonesia and West Irian, together with territorial waters and air space to which Indonesia lays claim.

In accordance with this policy RAAF Medium Range Transport aircraft staging to South East Asia use Cocos Islands as a refuelling base, but in the future should Cocos become unavailable due to enemy action, there would be a requirement to use airfields in Papua/New Guinea as staging points for these aircraft. In any event the airfields of Papua/New Guinea are essential for staging short range aircraft to South East Asia. Military shipping proceeding to South East Asia is in most cases now routed via Papua/New Guinea waters and Manus Island. There is a continuing requirement for unrestricted passage through this area whilst a forward defence posture is maintained.

An actively hostile Indonesia would make it more difficult, in the event of our operating in South East Asia, to maintain communication with United States forces in the areas of the Philippines and the North Pacific. Papua/New Guinea would be an important link in this communication chain and its denial would make necessary the use of a circuitous east-about sea route.

(b) *Value to Australia of base facilities in Papua/New Guinea*

In addition to the value of the facilities in the Territory of Papua and New Guinea, including Manus Island, in the maintenance of communications between Australia and South East Asia and between Australia and United States bases in the Pacific as discussed in (a) above, the following factors are relevant:—

- a. Base facilities would be required for the conduct of defensive operations in the event of Indonesian covert or overt operations being initiated against Papua/New Guinea.
- b. In the event of a limited war situation involving Australia and Indonesia, our possession of base facilities in Papua/New Guinea would have the following further advantages:
 - (1) They would assist in the neutralisation of enemy base facilities in West Irian and in conducting operations west of the border;
 - (2) They would be useful to our anti-submarine forces in defending sea communications;
 - (3) They would be necessary for the control of all forms of infiltration into Papua/New Guinea.
- (c) *Value to Indonesia of base facilities in Papua/New Guinea*
 The possession of base facilities in Papua/New Guinea would assist Indonesia in the event of limited war with Australia as follows:—
 - a. They would increase the threat of the employment of submarine forces against Australia's eastern seaboard;
 - b. They would considerably⁷ improve their capability for air attack on Australia;
 - c. They would deny an important link in our communications;
 - d. They would expose Australia's important trade routes with Asia to interruption;
 - e. They would assist in further expansion into the Pacific Islands chain to the eastward.
- (d) *Economic*

Apart from the provision of about 13% of current Australian natural rubber requirements, Papua/New Guinea does not produce any strategic materials in significant quantities and from that point of view its loss would not be serious. Surveys are proceeding in the Territory for oil and minerals and their discovery in commercial quantities and exploitation could considerably increase the economic importance of the Territory. The expanded production of tropical commodities such as timber, copra, coffee and cocoa could be of value in time of war.

3. In the light of the foregoing considerations and also the existing Australian responsibility to defend Papua/New Guinea, a programme of defence expenditure on capital works and acquisitions of \$A52 million by about 1970 is being implemented. This programme is to provide for the expansion of the defence forces in the Territory, particularly the indigenous forces. The capability of these forces is being improved in terms both of manpower and arms to perform surveillance of the border area and coastal waters, defence of key points, internal security and limited defensive operations. The defence forces must continue for a considerable time to be based on direction, leadership and training by Australian Service personnel, but with increasing participation by indigenes at higher non-commissioned officer and officer level as rapidly as they become

⁷ In the original, this word reads 'inconsiderably'.

fitted to occupy the posts. The programme of Service works projects covers Naval support facilities, barracks, road, training areas, signal installations and extensive airfield construction and improvement. The expenditure involved assumes, for at least some years, Australian control of the facilities being constructed. It is important that there are adequate arrangements for securing timely and accurate intelligence in the area. To this end the intelligence agencies have been strengthened and a Local Intelligence Committee has been established to co-ordinate the collection, assessment, and dissemination of intelligence. These arrangements will be further developed as necessary.

4. The general civil development of the Territory will provide improved facilities for defence, e.g. the development of road communications in the vicinity of ports and airfields and the further development of aviation and port facilities. In this connection an adequate telecommunications system should be developed.

5. In the interests of Australian defence, as well as the defence of the area, it is important that access to the Territories and its base facilities be maintained. This is particularly important while there is uncertainty regarding Australian/Indonesian relations.

6. It is clear that our defence interests could be best served by the development and maintenance in the Territory of a cohesive population and administration which will remain well disposed towards Australia. Action on these lines will provide a solid basis for resistance to unfriendly influences, including communist pressures, which are likely to be directed against the local inhabitants.

7. It is of particular importance to preserve the morale of the armed services and police on whom will eventually be vested responsibility for defending and preserving the law and order of the Territory. It will be necessary to ensure by periodical review that the indigenous forces are in the best possible defence posture to meet their future requirements.

8. The vigorous prosecution of policies which will develop good relations between Australia and the indigenous population will facilitate the negotiation in due course of whatever new defence arrangements are appropriate to the future constitutional status of the Territory, and provide a basis thereafter on which Papua/New Guinea may remain well-disposed towards Australia. Future defence arrangements in the circumstances envisaged above should include definition of the following:—

- a. Retention of present and planned base and transit facilities in the Territory;
- b. Right to maintain forces as required in Papua/New Guinea;
- c. Dependent on the above a commitment to defend the Territory against overt and covert aggression.

Conceivably a Papua/New Guinea Government in such future defence arrangements might wish to reserve the right to consult us regarding the provision of Australian forces in an internal security emergency.

9. It is difficult to judge the extent, if any, to which a presumed range of future constitutional options for Papua/New Guinea would affect our capacity to undertake the defence of the Territory or to maintain an adequate military presence there. However, as suggested above, it would appear judicious to assume that apart from the external threat the ultimate issue, perhaps overriding constitutional forms, will at any time be the political attitude and political requirement of the popular Government of the day in Papua/New Guinea. Without the genuine concurrence of the local government, and to a

considerable extent irrespective of our legal defence powers under constitutional or treaty arrangements, Australia's military efforts and presence could be seriously impaired or frustrated by indigenous opposition. This could include internal political actions, appeals for international intervention, such forms of mass action as strikes and passive resistance, or sabotage or insurrection. Such action could be initiated or supported in varying degrees from without.

10. The constitutional development of Papua/New Guinea to a stage where it ceased to be a Territory of Australia within the meaning of the ANZUS Treaty would significantly modify the existing United States commitment. The Treaty is applicable to Papua/New Guinea itself only whilst it remains an Australian territory. If Papua/New Guinea ceased to be an Australian territory ANZUS in its present form would no longer apply directly, and there could be great difficulties in obtaining United States agreement to any modification of the Treaty. ANZUS would however still apply in the event of an overt attack on Australian forces in Papua/New Guinea.

[NAA: A1946, 1968/838]

26 MINUTE, JOCKEL TO BOOKER

Canberra, 11 March 1966

TOP SECRET

[*matter omitted*]¹

2. Whose job is it, I wonder, to state what our national interests are in respect of TPNG? As the draft rightly says the submission² rests its case on defence considerations and on international pressures.

3. I wonder what we think as a Department? Would it be something like the following:

- (i) The honourable fulfilment of our international commitments and of our pledges to the indigenous people to advance them to the stage of being able to look after their own affairs in a modern world.
- (ii) The achievement of conditions which will safeguard the general interests of Australians who have settled in TPNG and developed their livelihood there with the encouragement of the Government.
- (iii) As elsewhere among our neighbours, the creation of conditions of stability and viable national institutions.
- (iv) Long-term friendship and a degree of orientation towards Australia.

4. I myself cannot see that the Territory is 'vital' to us in the sense that we must ensure that it remains within our sphere of influence at all costs. Nor do I think that such measures as we can take will necessarily assure us of reaching the goals that are set out above.

1 Jockel's minute was a response to a draft paper on the DOT submission prepared for Booker by Smith. The paper was forwarded to Jockel by Booker with the comment: 'I have not yet looked at this myself, but you might like to read it meanwhile' (11 March 1966, NAA: A1838, 936/5).

2 Final is Document 25.

Despite the good record between us and TPNG up to date, the attitudes in the Territory could change as the political climate becomes more heightened, as the people become more subject to international influences of race consciousness, nationalisation of foreign interests etc., and as their own internal economic, social and communal problems take form with the growth of their aspirations.

5. It seems to me that we have to go on much as we are, avoiding both over-commitment and disengagement. I do not think that any attempt now to make a definitive pronouncement about the ultimate future would help to secure what we want. On the contrary, it could do harm. And in view of the inherent uncertainties about the future it is better avoided.

6. These are just random observations to help you in your thankless task.

[NAA: A1838, 936/5]

27 NOTE BY BAILEY¹ ON CABINET SUBMISSION NO. 71²

Canberra, 11 March 1966

TOP SECRET

Papua and New Guinea—ultimate status

The Minister for Territories is seeking the views of Cabinet on the long term intentions of the Australian Government in relation to the Constitutional status of the Territory, and particularly on the line which should be taken by Government representatives in discussions in Canberra with the Select Committee on Constitutional Development of the House of Assembly of the Territory.

2. The submission opens up a wide range of issues on which it is not possible to prepare adequate comments for you at this stage. Many of them, e.g. trade policy, migration policy and programmes of assistance, require a good deal of separate study before there could be a balanced expression of the alternatives available to the Government. However, since there is a need for an early expression of views by Ministers, the following notes have been prepared to raise what seem to be some of the central issues.

3. It is a matter for question whether the Government should endeavour to tie itself at this stage to anything but the most general statement of policy in relation to the long term future of Papua and New Guinea. To do so would inevitably have a strong influence on the thinking of the inhabitants of the Territory, whose wishes it is the stated intention of the Government to respect. On the other hand, the Government may well think it reasonable to give some lead. If so, is it best for it not to foreclose any of the options available to it, such as the (admittedly remote) prospect of integration, but rather to concentrate on the importance of continued association, the details of which could be worked out in the light of the emerging desires of the people of the Territory and Australia's own developing concerns? The range of possible association is wide, and need not preclude full independence plus treaties or agreements. But it would seem to be a pity, at this stage,

1 P.H. Bailey, First Assistant Secretary, Cabinet and External Relations Division, PMD.

2 Document 25.

when there has been no expression of views by the people of the Territory, to attempt to define the nature of future association. After all, this might well change from year to year.

4. Since the nature of the future association with Australia is the key point in the submission, it maybe worth examining the problem a little further. In general, the recommendation contained in paragraph 62(a), that the Government should accept an eventual close association between the Territory and Australia if this is what the people of the Territory want, seems reasonable. There are many grounds for wanting to see continued close association. But does the Government wish to tie itself publicly at this stage to answering the question how far it is willing to look to the integration of the Territory in the Australian polity? (The words in parenthesis at the end of para.62(a) suggest that the Government should state that any future association would exclude integration of the Territory with Australia as a State.) If the suggestion about excluding integration has been made in the knowledge that, unless the Government expresses a firm view, the Committee will probably look towards integration with greater expectations than the Government would wish, perhaps the point should be made. If, on the other hand, the Government does not wish to preclude some form of integration, it may be best to remove the bracketed words in recommendation (a).

5. In considering the nature of Australia's future association with New Guinea, it has to be remembered that the world is changing fast, and particularly the area to our near north. Regionalism is becoming an increasing factor in international relations. Who knows whether, in perhaps 10–20 years we may not be looking to a regional association which might include possibly Fiji and other neighbouring islands and New Zealand? Public opinion in Australia at the moment is certainly very favourable to the Territory, and any firm posture in the Committee against ever considering the possibility of integration of the Territory would be likely to come as a jolt, both here and in the Territory.

6. The submission refers at some length to a paper endorsed by the Defence Committee on the defence considerations which are relevant in considering the future of Papua-New Guinea.³ The defence paper indicates that the closest association with the Territory will be in Australia's best defence interests. But the submission notes that trade and other aspects are not so important. The really vital thing seems to be to preserve, as far as possible, friendly feelings in the Territory towards Australia. Without these, it is unlikely that even our defence interests in the Territory could be adequately preserved. The importance of goodwill in the Territory emphasises the need not to affront too heavily any aspirations towards integration which may currently be entertained by the people of the Territory. If there is a body of opinion which actively desires integration, this would seem to be another reason for not wishing at this stage to rule out integration as an available form of future association.

7. In paragraph 59 there is a suggestion that the Committee may not pursue the question of the range of possible special relationships with Australia. The paragraph continues with the suggestion that, whether or not the Committee pursues this line, 'there appear to be advantages in the Government taking the opportunity to state a view'. For reasons suggested above, Ministers may want to look carefully before deciding voluntarily to disclose a relatively final position on such vital matters. There has been no opportunity for full consideration—let alone inter-departmental discussion—of the forward policy.

3 Attachment to Document 25.

8. Some of the lines which it is suggested the expression of Government views should take (para. 61) seem questionable, and certainly need further study. Is it really only when the Territory achieves internal self-government that the views of the people about the nature of the association with Australia will be important (first asterisk)? One might reasonably hope that there would be clearer concepts emerging from public discussion in the Territory a good deal earlier than that. Why, in any case, should the Australian Government state firm positions ahead of the people of the Territory discovering their own real political aspirations? There is also a danger that paternalism will creep into the expression of Australian views—e.g. in the third asterisk, it is suggested that ‘Australia will go on helping in the Territory’, but it is then added that ‘the co-operation of the people is necessary’. Should it not be the other way round—that Australia is willing to co-operate with the people of the Territory? The final asterisk deals with migration: in the light of the Government’s recent decision,⁴ would it not be better at this stage to withhold any firm expression of views on the conditions likely to be applicable in some years’ time to the movement of Papuans and New Guineans to Australia?

9. All in all, the thinking in the previous paragraphs seems to boil down to the proposition that, if the Government genuinely wishes the Territory to find its own way to independence, with Australian help, the Australian Government itself should be most cautious about any close definition of its view of the nature of future associations with the Territory.

10. It is not altogether clear how significant a body the Select Committee on Constitutional Development is. But if it is likely to produce a report which will be the keystone of developments for some time to come, it may even be worth considering whether, in addition to the Minister for Territories, other Commonwealth Ministers might not appropriately be included in the discussions.

11. The future of the Territory involves many broader policy aspects on which it is not reasonable to expect the Department of Territories, unaided, to prepare advice for its Minister. Would it be desirable for the Cabinet to establish an interdepartmental committee composed of main interested departments? The Committee might include, in addition to Territories, Treasury, External Affairs and ourselves, with power to co-opt other departments as their interests are concerned, e.g. Defence, Trade and Industry and Immigration. The Committee might be directed to keep an eye on developments, and to report on any matters which seem necessary following Cabinet’s discussion of the submission. The main points which Cabinet may wish to consider with a view to briefing those who will discuss the issues with the Select Committee from the Territory are—

- The Australian view of the desirability of continued association with the Territory.
- Whether Australia favours virtual unity with Papua and New Guinea.
- How far the Government is willing to commit itself to continued aid, and to close trade ties.

⁴ In March 1966, the Australian Government decided that it would reduce from 15 to five years the time before which those with temporary Australian residency could apply for resident status. It was also decided that those who wanted to settle in Australia with wives and children would be measured according to suitability, qualifications and ability to integrate—and that they would be given five year temporary permits, under which their families could accompany them, as opposed to the previous 15 year waiting period (speech by Hubert Opperman (Minister for Immigration), 28 May 1966, in *Current Notes*, vol. 37, 1966, p. 267).

- Whether a warning should be sounded about the prospects for easier migration from the Territory to Australia. Whether the points it makes in discussions with the Committee, if reported, will cause it embarrassment with the United Nations (its attitude to the nature of the future association may be particularly affected by this consideration).

While Ministers will no doubt want to be as forthcoming as they can with the Select Committee, the issues raised in the submission are very far-reaching, and Cabinet might wish some of the matters to be left in play for further consideration after the discussions with the Committee.

[NAA: A4940, C1724 part 2]

28 NOTE BY YEEND ON CABINET SUBMISSION NO. 71¹

Canberra, 11 March 1966

TOP SECRET

Papua/New Guinea—ultimate status: some thoughts on submission no. 71

At some point of time in the future the constitutional pattern of Papua/New Guinea will be determined—whatever the subsequent long term influences might be.

Therefore at some stage Cabinet will have to make up its mind and it will have to do so in a state of imperfect knowledge: the same applies to the Legislative Assembly in Papua/New Guinea.

The Committee however wants to report now. Its report will not set the final pattern because we are at least 5 years, possibly 10–20 years from that point. But it will report on long term constitutional development making its best guesses.

The Committee knows as well as Cabinet does what the likely answers are to its questions. The questions and consequently the answers will be a range of possibilities. The Committee can expect to have the comfort of discussions with Cabinet Ministers—preferably a group of Cabinet Ministers but at least with the Prime Minister² and Mr. Barnes. But it cannot expect commitments at any time before the point is reached where there have to be commitments. The report will contain the Committee's recommendations not the Government's and will not be based on any firm undertakings.

But in these discussions with the Committee the Government has yet another opportunity to bend the twig the way it wants the branch to grow. For this purpose it should be as forthcoming as it can. And to be forthcoming it needs to know what its views are. Therefore Cabinet should be encouraged to give this submission deep and considered thought—spreading over weeks and perhaps months—not wholly related to some approaching interview.

1 Document 25.

2 Harold Holt became Prime Minister upon Menzies retirement on 26 January.

Territories have not brought other Departments into their considerations. The possibilities that have been examined and discarded might present to other Departments and to Ministers lines of approach which need to be looked at closely. There might be advantage in Territories being asked to expose their thinking in full to other Departments in a round table examination.

Specifically—

1. The report talks about testing public opinion in Papua/New Guinea and about Australia waiting until the wishes of the people of Papua and New Guinea are known. This is hardly realistic. The Government is likely to have to make firm commitments long before it is possible for Papua/New Guinea to express any worthwhile view on problems such as constitutional development.
2. Can we not clearly state a view that we are in favour of working towards the unity of Papua and New Guinea?
3. Can we not say that we are happy to work towards a continued special association with Papua/New Guinea? We do not see this as leading to integration as far as we can see ahead but clearly in the long term anything is possible.
4. On defence can we imagine any stage being reached when we will not have a special interest in Papua/New Guinea? We would want to hold special rights in defence for as long as we can but we could never give a guarantee that we would not³ always want to carry a close association with Papua/New Guinea on defence matters. This would carry with it a commitment to regard the defence of Papua/ New Guinea as the defence of Australia. (While we might say these things, realistically, we would have to contemplate for instance Papua/New Guinea concluding a defence agreement with Indonesia which might or might not lead to a conflict of interests as between Australia and Indonesia. Equally Papua/New Guinea might conclude defence agreements with New Zealand).
5. On economic aid a commitment to go on helping Papua/New Guinea would not appear to be very dangerous. We would not need to say that this economic aid would only continue as long as the country was politically friendly towards us. Or until it had its own viable economy. We would hope for close trade ties.
6. Our present immigration policy is to preserve a socially homogeneous population in Australia. This policy does not permit the unlimited entry of non Europeans. We could not contemplate the entry of Papuans and New Guineans for residence purposes and hold to our basic policy. We would probably be unwise to put Papua/New Guinea in some special position as against other Asian countries. There might be advantages in dampening now any idea that immigration to Australia is going to be easier for Papuans and New Guineans in the terms of our current policy. The Committee equally could know that we cannot see how far ahead we can maintain our current policy.

In all of this it is worth keeping in mind what the importance of this Committee's report will be. Its report might be a milestone in Papua/New Guinea's history or it might be pigeonholed. I think we have to assume the former. How damaging would it look if it presses specific questions on the Government and gets what it regards as unsatisfactory answers. In the U.N. any suggestion that Australia does not know where it is going with Papua/New Guinea may be damaging. Will this report have a significance in the U.N.?

³ This word was perhaps inserted in error.

Australia's answers perhaps should not give the impression of unlimited time being available for answers to evolve.

[NAA: A4940, C1724 part 2]

29 SUBMISSION, PLIMSOLL TO HASLUCK

Canberra, 14 March 1966

TOP SECRET

Papua New Guinea: ultimate status

I attach a memorandum from Booker¹ on the draft Cabinet submission.² We have not seen it in its final form, and our comments are based on the draft which is attached.

2. I agree with a great deal of what Booker says, particularly on the desirability of avoiding tying our hands more than we have to at present to any specific future constitutional status for New Guinea. We should allow as much flexibility to persist as possible.

3. One thing to which Booker draws attention, validly in my view, is that public presentation of our policy is at some points as important as the substance of the policy. Moreover, presentation to the people of New Guinea is often more important than the presentation to the people of Australia.

4. One point on which I disagree with Booker is on the statement of attitude on New Guinea becoming a state of Australia. I agree with Booker that statehood should be ruled out. He believes however that we should not let this be known publicly because the people of New Guinea might feel rejected and because the Australians up there might react in a way that would cause damage politically and economically. I think however we should, as soon as possible, let it be known that statehood of Australia is not one of the possibilities that will be open to the people of New Guinea; this will prevent expectations being raised for something that cannot come about. I would not envisage an abrupt announcement that Australia would not allow New Guinea to become a state, but I think we should work subtly to let this attitude be known.

5. I also disagree with the way in which parts of the draft Cabinet submission speak of 'independence' and 'close association with Australia' as being necessarily different. It would be possible for an independent New Guinea to be closely associated with Australia. We should avoid creating in the minds of New Guinea people the impression that, if

1 Booker's minute was addressed to Hasluck through Plimsoll. It was similar in substance to a minute of 10 March, in which Booker had given his preliminary views to Plimsoll on the Territories submission after consultation with Jockel, W.T. Doig (Acting Head, UN Branch, DEA), Richard Smith and M.R. Casson (America and South Pacific Section, DEA). Later on that day, Booker had written a marginal note to Doig in which he conveyed Plimsoll's request 'to proceed urgently with briefing notes for the Minister'. The note also commented that Plimsoll had discussed PNG's ultimate status with Warwick Smith who 'was apparently not very receptive' (NAA: A1838, 936/5).

2 For draft of 8 March 1966, see NAA: A1838, 936/5. Final is Document 25.

they maintain close association with Australia, they will not be genuinely independent. Benelux³ is an example of complete independence of members despite close association.

Attachment

PAPUA AND NEW GUINEA: ULTIMATE STATUS

Attached is a draft Cabinet Submission prepared by the Department of Territories and passed to us on Wednesday, 8th March, for comment—Annex A.⁴ We understand that the submission will be presented to Ministers on Tuesday next, 15th March, in a form substantially the same as the present draft.

2. The need for some broad guidance to the Select Committee of the House of Assembly is acknowledged, but we feel that the proposals set out in paragraphs 61 and 62 need considerable further study and examination. In general we consider that:—

- (a) The practical possibilities regarding the future of Papua and New Guinea are not adequately examined and defined in the submission.
- (b) It is not possible at the present time to foresee the future sufficiently clearly to be able to make a final decision as to the *ultimate* status of the Territory. In particular, it is not possible to foresee what particular attitudes will exist among the people of the Territory in, say, ten years from now.
- (c) Other factors which are important, for example the attitude likely to be taken by Indonesia, are not canvassed at all in the present submission; and the United Nations and other international aspects are not adequately presented.
- (d) There is much to be said for continuing our present policies for a further period and avoiding any unnecessary limitation upon our ability to adjust these policies to evolving circumstances.

Comment on recommendations

3. In regard to the recommendations in paragraphs 61 and 62 of the present draft,⁵ we would make the following particular comments:

- (a) ‘Close association’ is not adequately defined in paragraphs 61 and 62 (or indeed in the body of the submission). It is not clear whether it would take the form of independence with a treaty relationship, or continuing territorial dependence. This

3 Established in 1958, the economic union of Belgium, the Netherlands and Luxembourg provided for free movement of labour, capital, goods and services.

4 Not printed.

5 Dot points 1 and 3 of paragraph 61 were amended in the final submission. In the draft of 8 March, they read: [1] ‘It is for the people of the Territory to decide eventually what they would like to see as the ultimate political status of the Territory; it will be the views of the people at the relevant time that will be important in relation to specific arrangements and not the views of the people at this time ...[3] The attitude of the Australian Government is that it will help in the Territory as long as the people want help, but the co-operation of the people and of their representatives is a necessary part of that help; ie in matters like land tenure and the development of mineral or forestry resources co-operation is necessary and in political affairs it is a prime responsibility of achieving a smooth transition from political dependence to efficient self-government in the Territory’. No changes were made to paragraph 62 of the submission (NAA: A1838, 936/5).

distinction is crucial in regard both to its international acceptance and its inherent durability.

(b) It would, in our view, be unwise to state publicly (it must be assumed that what is said to the Select Committee will receive publicity) that full and equal statehood must be ruled out. Such a public declaration might well:

- i. give the people of the Territory, and especially its leaders both Australian and indigenous, a strong sense of rejection;
- ii. focus domestic and international attention on this refusal and perhaps generate pressure for the very things we wish to avoid.

(c) If a declaration *were* to be made ruling out full and equal statehood it would need to be balanced with a firm promise of independence.

(d) It would be unwise to announce publicly as our objective a vague status of 'close association'. This would be likely to arouse suspicion and expose us to persistent questioning as to what our real intentions were. It might well be alleged, for example, that we were engaged in an effort to trick the people of Papua and New Guinea into accepting a state of permanent inferiority.

(e) It would also be unwise to define our attitude to immigration on such lines as: 'precise migration requirements as liberal as practicable (but short of completely free access) would be worked out ...'⁶ This would provoke criticism in Australia, internationally, and in the Territory on the grounds that it indicates that we did not intend to grant full equality.

(f) We consider, for reasons set out in more detail in {Annex B},⁷ that if Ministers decide to put the prospect of close association to the Select Committee it should be made clear that this would not exclude the possibility of the Territory subsequently proceeding to independence should it wish.

General comments

4. The submission is concerned to canvass what is described as the 'ultimate status' for the Territory, but the status which is favoured appears to be one that is essentially transitional. Any 'close association' short of either integration or independence seems likely to be transitional. We would need to avoid offering a relationship which could be interpreted as conferring neither independence nor equality. A 'close association' short of independence would only be acceptable in the United Nations (as precedents have shown) if the people of the Territory had the right at any stage and of their own motion to opt for independence.

5. In paragraph 21 the draft submission states that it 'does not attempt to present a detailed analysis' of the issues which affect 'the choice ... between a policy attitude directed towards eventual disengagement and a policy attitude directed towards association in one form or another.' Our view is that it is highly desirable that such an analysis should be made before basic decisions are taken. For example, the problems of internal government and social development in Papua and New Guinea may be very great, say, ten years from now. We cannot even be sure that there will be reasonable internal stability. We consider that the prospects should be studied more closely before committing ourselves to long-

⁶ Ellipsis in the original.

⁷ Not found.

range policies. We need to have some measure of the nature of the responsibilities we may be called upon to discharge.

United Nations

6. Among the factors which must be considered is the attitude of the United Nations towards the Territory. The section entitled 'United Nations' in the submission (paragraphs 44–47) is, in our view, misleading in that it does not, for example, draw to Ministers' attention that we have certain specific and enforceable obligations in respect of the Trust Territory which can only be legally varied with the approval of the General Assembly.⁸ The section also contains certain inaccuracies. Attached (Annex B) is a paper which sets out relevant United Nations considerations.

Other international aspects

7. The submission rests its case (i) on defence considerations, and (ii) on international pressures. The importance of the former seems to have been overstated. We have some doubt whether it is true to say that 'Australia's defence and security are the most powerful factors influencing a choice at this time between a policy attitude directed towards continuing involvement or association and a policy directed towards disengagement' (paragraph 50). Defence considerations are important, but there are broad political considerations, including the obligations we have accepted to the people of TPNG, which must be taken into account. The careful wording of the Defence assessment attached at Annex A of the draft submission does not support such a categorical judgment about the ultimate status of TPNG as this paragraph of the submission suggests. International pressures have not been accurately or completely described, and would need fuller examination than they have so far been given. The attitude of Indonesia and our own relations {with} it have already been mentioned; other important factors would include the general political situation in the Pacific region and the development there of a degree of political coherence (or alternatively of instability). The attitude of our closest allies to any arrangement would also need to be considered.

Constitutional problems

8. The question of the constitutional powers of the Commonwealth is left very much in the air. This question must, however, be examined fully before a decision as to ultimate status is made; if, for example, amendment of the Constitution were to be involved, as is foreshadowed in paragraph 13, then a close examination would need to be made of the likely state of domestic Australian opinion, and the effect internationally of the domestic discussion which would ensue. Could we be sure, for example, that the whole question of statehood would not be re-opened at such a referendum?

Conclusions

9. In view of the foregoing it is concluded that it would be undesirable at this stage for the decision sought in paragraph 62(a) of the draft submission to be adopted but that the matter should be referred to an inter-departmental committee to make an examination and report on the issues which Ministers need to take account of in making their decision. This committee might consist of Territories, External Affairs, Defence, Attorney-General's, Treasury and Prime Minister's.

⁸ The last sentence of paragraph 44 in the final submission is missing in the draft. The remainder of the section remained unchanged in the final document.

10. Meanwhile, in the forthcoming talks with the Select Committee the Government's position might be stated along the following lines which, in our view, would be sufficient to meet international opinion, would permit the Select Committee to continue its deliberations, and would not prejudice the further consideration which we consider necessary:

i. It is for the people of the Territory to decide eventually what they would like to see as the ultimate status of the Territory; it will be the views of the people at the relevant time that will be important in relation to specific arrangements and not the views of the people at this time. (As in paragraph 61(a) of draft.)

ii. The attitude of the Australian Government is that it will *continue its help and support of the people of the Territory during their evolution towards self-government* as long as the people want help, but the co-operation of the people and of their representatives is a necessary part of that help; i.e. in matters like land tenure and the development of mineral or forestry resources co-operation is necessary, and in political affairs it is a prime responsibility of political representatives to co-operate in achieving a smooth transition from political dependence to efficient self-government in the Territory. (As in paragraph 61(c); underlined words indicate amendments.)

iii. A smooth and orderly transition to self-government will require progress in certain essential areas, e.g. development of a local public service which can efficiently maintain the basic services of government; progress towards a viable economy; the development of an informed electorate; an education system which will provide people with the skills required in commerce, industry and the public service; and governmental arrangements which place due financial responsibility on the Territory executive government. (As in paragraph 61(d).)

iv. If the Select Committee finds that the outlook of the people is in favour of ultimate independence this would be an acceptable situation to the Government; if, on the other hand, it is found that the people of the Territory are looking towards an association with Australia this also would be acceptable to Australia, subject to the details of this association being worked out in accordance with the circumstances of the time. (Redrafted from paragraph 61(b) but deleting the reference to excluding the possibility of statehood.)

11. *Recommended* for consideration.

[NAA: A1838, 936/5]

30 SUBMISSION, BUNTING TO HOLT

Canberra, 15 March 1966

A Submission about the long term future of New Guinea¹ is on today's Cabinet list. It is a big Submission and has only been circulated in the last few days. There may well be some murmurings about a subject of this importance and difficulty coming onto the list in a hurry.

1 Document 25.

2. The answer to give to that is that the Minister for External Affairs² has to leave for India at the end of this week, that progress has to be made on the Submission before he returns, and that it is desirable to have a discussion with Mr. Hasluck present.

3. But having said that I now suggest to you that this really is too large a subject to be taken by Cabinet more or less on the run. I think that the Minister for Territories has put forward a very sensible proposal and that very likely it will turn out that it will be adopted. But this is not a matter for the Department of Territories on its own. In our departmental notes to you³ there is a suggestion for an Interdepartmental Committee which I believe is a good suggestion. But in my view, it would be even better to have a Committee of the Cabinet specially appointed, in which you draw on names rather than on portfolios so that a representative and thinking group of Ministers will apply their minds. A few very senior Ministers would be needed but then Ministers like Senator Gorton,⁴ Mr. Bury,⁵ Mr. Anthony,⁶ Mr. Chaney,⁷ Mr. Howson⁸ and Mr. Sinclair⁹ could be drawn upon.

4. In other words, I would suggest that you allow the discussion to run a certain distance in Cabinet this morning and then refer it to a Cabinet Committee with membership to be arranged by you.¹⁰

[NAA: A4940, C1724 part 2]

2 Paul Hasluck.

3 Documents 27 and 28.

4 J.G. Gorton, Minister for Works and regularly Acting Minister for External Affairs.

5 L.H.E. Bury, Minister for Labour and National Service.

6 J.D. Anthony, Minister for the Interior.

7 F.C. Chaney, Minister for the Navy.

8 Peter Howson, Minister for Air and Minister assisting the Treasurer.

9 I.M. Sinclair, Minister for Social Services.

10 On 22 March, in a further submission to Holt, Bunting referred to paragraph 3 above, adding: 'What I think I omitted to say is that I would be a bit worried about the Minister and Department of Territories, on their own, meeting the New Guinea Select Committee here in Canberra next month ... I would expect that today's Cabinet meeting will set a general line or atmosphere for the discussions with the Committee and that, in the light of today's meeting, you would nominate, say, two or three Ministers to sit with the Minister for Territories. One might be Senator Gorton and the Attorney-General [Billy Snedden] might also have a place' (NAA: A4940, C1724 part 2).

31 LETTER, HASLUCK TO GORTON¹

Canberra, 18 March 1966

TOP SECRET

I am passing on to you herewith some notes given to me by my Department² regarding Cabinet submission no. 71 (Papua and New Guinea—ultimate status).³ In addition I have run out some notes of my own and intended to use them if I were present when the submission was debated.

You will see that my view is that it is almost impossible to predict with certainty what is going to happen in Papua and New Guinea and that, for this reason as well as for political reasons, we should try to avoid making declarations about the ultimate status of Papua and New Guinea and try to stick as close as we can to the line that this is something for the people to choose and to work out in consultation with us in successive stages.

You will of course develop your own views on the submission but I gathered from the Prime Minister that he would like to know my own personal views on this particular submission and I am letting him know that I have given you these notes.

Attachment

NOTES ON CABINET SUBMISSION NO. 71
PAPUA AND NEW GUINEA

1. We should avoid tying our hands by expressing preference for one status or another and we should try to keep as much flexibility as possible. In public, we should also avoid making any statements that might imply, (a) that we have made up our minds, (b) that we intend to decide what should happen to Papua and New Guinea, or (c) that we are restricting their choice either by stipulating conditions or by expressing preferences of our own.
2. We have to watch the effect of any advice we give on—
 - (a) international opinion
 - (b) opinion in Papua and New Guinea
 - (c) Australian opinion.

We have to be careful not to give international opinion grounds for thinking that we are making the decision, for our strongest argument against any attempt by other nations to dictate the eventual status of P.N.G. is to be able to say that the people of P.N.G. have chosen for themselves. We have to be careful not to give the people of P.N.G. any impression that we want to reject them, or get rid of them, or that we want to swallow them. We want to be careful about scaring Australian opinion with some notion that two million or more Papuans can come to the mainland, or with some idea that we will give

1 Gorton was Acting Minister for External Affairs during Hasluck's absence overseas between 19 March and 24 April 1966.

2 Document 29.

3 Document 25. Hasluck's comments appear to be based on the same draft Cabinet submission used by Plimsoll and Booker (see footnote 2, Document 29).

the Territory away, or that we expect the Australian taxpayer to provide more and more millions every year in perpetuity. All these are arguments for saying as little as possible.

3. I also think it is difficult to predict what will happen. I will not develop this line of argument but would hesitate myself to join in any decision that even implied an endorsement of all parts of the submission. I question the soundness of some of the observations made in the submission but assume that we are not being asked to accept in toto the Territories argument.

4. This brings us to the question whether, assuming it is unavoidable to give some kind of lead to the Select Committee on Constitutional Development, we should endorse the draft statement contained in paragraph 61 of the submission. Departmentally the officers of External Affairs have suggested some rearrangement of that draft. (See paragraph 10 of the departmental notes). I myself wonder whether it will be sufficient to point out some of the considerations which the members of the committee might take into account, and to do so in private discussions with the chairman and without issuing any prepared statement of the Government's view. Some of the considerations to be taken into account are given below.

5. As far as Australia is concerned, the Territories of Papua and New Guinea can be considered as one and a common future planned for them. The administrative union can become the future nation.

6. The advantages to P.N.G. of having a separate customs system, separate immigration laws, separate taxation and a separate parliamentary system and the inapplicability to P.N.G. of some Australian laws (Navigation Acts, divorce, social services) may be considered reasons why P.N.G. should not become part of the Australian Commonwealth.

7. The Australian Constitution in its provisions regarding the creation of new States may present some difficulty in deciding the manner in which P.N.G. could enter the Federation.

8. On the other hand the need for P.N.G. to receive financial support for some time to come and the needs in respect of a preferred position in the Australian market and in respect of defence, point to the need for retaining a very close association with Australia.

9. It is also to be asked whether P.N.G. aspires to have a separate national identity—e.g. individual membership of the United Nations.

10. In general, there is a need to distinguish between self-government and independence and to recognise that there are various degrees of independence. The phrase 'close association with Australia' is used in the submission rather vaguely and this vagueness may be unavoidable simply because the form and nature of that association still have to be worked out. We might try to establish the idea that there is no basic conflict between 'independence' and 'close association' if the closeness of the association is expressed as the will of an independent nation.

32 MEMORANDUM, ADMINISTRATION (CLELAND) TO DOT

Port Moresby, 18 March 1966

CONFIDENTIAL

I refer to your confidential memorandum 65/5939 of 25th January 1966, the draft statement attached thereto and subsequent correspondence regarding the proposal to modify the Territory's immigration policy to permit temporary entry of a limited number of non-European specialist technicians and professional personnel for essential purposes.¹

2. The matter was referred to the Administrator's Council at its meeting on 3rd March 1966 ...

3. The Council appreciated the need for relaxing present restrictions on the entry of non-European persons, in the interests of the Territory's development, and was in general agreement with the proposals set out in the paper.

4. The Council did, however, make the following specific comments and asked that they be brought to the attention of the Commonwealth Government:

(a) It is desirable that, wherever possible, persons entering the Territory under these conditions bring their families with them. Attachments formed with local women could be a very undesirable social consequence of their admission.

(b) Care must be taken that such persons are not allowed to acquire any interest in land while they are in the Territory.

(c) The training aspects of such temporary entry should be continually stressed.

(d) Two (2) years would appear to be the desirable limit on temporary entry of technicians, etc. If necessary, the individual concerned could be replaced at the end of this time.

(e) The Council would appreciate being consulted before permission is granted for groups of Asian technicians, etc., to enter the Territory in connection with a new business or other venture. Such consultation would, of course, not extend to individual applications for temporary entry.²

[NAA: A452, 1965/5939]

1 See Document 4.

2 In a submission to Barnes of 15 June, Warwick Smith commented that the 'qualifications suggested by the Administrator's Council are reasonable and could be accepted'. Warwick Smith also noted that while it had been considered that the proposed changes to immigration policy should be submitted to Cabinet, this was now considered unnecessary because the changes did not go beyond recent alterations to Australia's migration laws (see footnote 4, Document 27). Barnes endorsed Warwick Smith's recommendations (NAA: A452, 1965/5939).

33 NOTES OF DISCUSSIONS BETWEEN CRA AND GOVERNMENT OFFICIALS

Canberra, 25 March 1966

[*matter omitted*]

2. The meeting opened with general talks on the mining project and on the stage which the company felt had been reached in the need for more firm titles over its prospecting areas; and then passed on to a discussion of points which are set down as headings in the attachment to C.R.A.'s letter to Mr. Warwick Smith, dated 25th February, 1966.¹

General position

3. Mr. Espie pointed out that C.R.A. is now ready to mount a substantially expanded programme. He would like to move fast on making an agreement in order to justify to his Board of Directors a proposed expenditure of \$200,000 per month. Additional points which C.R.A. representatives made were—

- C.R.A. are not worried about the period while Australian Government remains administering authority but it is concerned to safeguard its position when an independent Government takes office
- There had been rethinking since meeting in Port Moresby of 8th to 10th February²—it is now considered possible that the large area required for storing overburden may require the mill and town to be taken out of the valley and located near the east coast
- Considerable work has to be done before land requirements can be identified—even by 31st December, 1966, these may only be identified in general terms and with alternatives
- If this were to delay making of an agreement then some alternative document was required to cover interim period

4. Mr. Gutman confirmed that the departmental view was that maximum expenditure should be carried out. He pointed out that an agreement could not be executed until land requirements were precisely known and the Government was able to say whether this land could be made available. A form of agreement which gave a future blanket undertaking on land was not favoured. On the basis that C.R.A. had considerable experience in Australia and elsewhere in negotiating such agreements it was suggested that the company prepare and submit a lay draft leaving blanks where necessary.

5. Mr. Henderson—

- disclosed the broad terms of the proposed amendments to the Mining Ordinance including the proposal for compensation of 10/- an acre to private owners of land on which prospecting or mining is carried out
- stated that it was unlikely that these amendments could be made law until after the September/October session of the House of Assembly
- explained that the Administration was spending increased sums on roads etc. in southern Bougainville and were putting increased pressure on local elected

¹ Document 19.

² Document 11.

representatives to enlighten them on the benefits which the native people would receive from the establishment in the area of the mining project

- suggested that the initial hostile reaction of these people was in line with other areas where development had first intruded—in all previous cases the local people had now accepted this new development when the benefits to them had been understood.

6. After discussion, the company accepted that it would not be possible for an agreement to be made for some months and it agreed that a letter of understanding would be a suitable document to cover the interim period of investigation.

Points raised in company's letter

COMPENSATION ON RESUMPTION

8.

- C.R.A. said this was their biggest problem—what they were seeking was something along the lines of the export insurance scheme brought into being last year for Australian investment in overseas countries
- It was pointed out that Commonwealth policy on New Guinea had not been settled—a general Act would have to be promulgated on the subject and a special agreement covering only C.R.A. was not possible
- C.R.A. agreed to put down in writing more specific details of the assurance it was seeking.

SCALE OF OPERATIONS

9. It was becoming clearer that there may not be sufficient room in the Panguna Valley area for all mining operations and the treatment plant and town may have to be located elsewhere, possibly near the east coast. It was a precise technical problem to specify just where mining should be started and the best sites for overburden and other waste dumps—relative heights above sea level were important.

FINANCIAL INTEREST OF ADMINISTRATION

10. It was pointed out that there is no precedent in Papua and New Guinea and Ministers might have to look at this question broadly to decide their attitude. The Government was, however, already aware that problems will be raised for the incoming independent Government if all large investment were in the hands of foreign companies and the departments concerned are looking at the ways in which local equity in such operations could be arranged. Any suggestion that royalty should be waived would not be agreed with. C.R.A. agreed to outline their views more fully in writing.

TAXATION, MUNICIPAL RATES, EXPORT TAXES, ETC.

11. C.R.A. explained that they had no objection to paying prescribed income taxes to the new Central Government (when it eventuated) but they did not want to be discriminated against by State or local government authorities.

12. It was pointed out that the Government would not want to make special agreements on tax with every foreign company and in any case it was exceedingly undesirable to commit a future government. If C.R.A. felt strongly on the point, perhaps they might consider whether a formula along the lines of the 50/50 formula operating in oil producing countries was desirable. A possible alternative {suggested by C.R.A.} was that there

should be a specified limit on escalation of tax within the first 15 years, which is the period required to repay loan capital.

13. C.R.A. agreed to study the position and express their further views in writing.

LAND

14. C.R.A. promised to give details of their alternative operations and nominate possible land requirements so that question of land resumption could be considered.

OTHER MINERALS

15. It was agreed that C.R.A. would have first right to work any minerals discovered on the lease area the rights to which were not covered in the original lease.

ADJACENT AREAS

16. C.R.A. enquired whether there was any way in which they could get quickly into the Minoki, Karato and Dharatui areas, i.e. before waiting for the people to be told of the benefits provided under the new mining amendments. The company said it was opposed to the use of force, i.e. police protection. It was explained that Administration officers at the district level were working on this problem and C.R.A. would be told if the climate of feeling changed to an extent where it was believed their entry would not be opposed.

NEXT MEETING

17. The next meeting was tentatively set down for Thursday and Friday, 5th and 6th May. C.R.A. undertook to prepare and distribute before that meeting (if possible, before Easter week-end) the following—

- draft letter of understanding to cover interim period
- draft agreement
- papers on subjects referred to above.³

[NAA: A452, 1967/1107]

³ CRA later forwarded a draft agreement and a draft letter of understanding that would provide assurance of priority rights to obtain permanent lease and other titles to areas under exploration in Bougainville. The company was subsequently informed that talks proposed for 6–7 May were not practicable, perhaps because, as Ahrens remarked, 'there may need to be major as well as minor revisions [to the draft agreement] before the proposals can be accepted'. 'In addition to policy aspects of concern to this department', he wrote, 'the style of the draft agreement appears to be too restrictive in relation to matters of interest to other departments ... Interdepartmental discussions may be necessary in addition to discussions with the Administration' (minute, Ahrens to Ballard, 22 April 1966, NAA: A452, 1966/1445). Meanwhile, Barnes wrote to Mawby, assuring him that 'As holder of a Special Prospecting Authority and Exclusive Prospecting Licences your company in effect has priority rights under ... the New Guinea Mining Ordinance ... The Government has no intention of detracting from this position' (18 May, *ibid.*). Ahrens explained to the Administration that CRA's draft letter had been deemed to require 'too broad an understanding neither consistent with legal requirements nor desirable in view of the necessity to negotiate favourable terms and conditions before granting of leases' (memorandum, 26 May, *ibid.*).

34 CABINET DECISION NO. 138

Canberra, 24 and 29 March 1966

TOP SECRET

Submission No. 71—Papua and New Guinea—ultimate status¹

The Cabinet discussed the Submission on 24th and 29th March.

2. It noted that the Submission was put forward with relation to exploratory discussion of the long term constitutional status of the Territory with the Papua and New Guinea Select Parliamentary Committee on Constitutional Development in the course of the Committee's forthcoming visit to Canberra. It noted also that the Submission invites the Cabinet, in anticipation of the discussion, to agree upon—

- (a) a particular posture towards the long term political future of the Territory; and
- (b) the lines along which Government views might be stated in the discussion.

3. The Cabinet decided against making, or so much as attempting to make, a decision in relation to the first of these matters. Concerning the lines along which Government views might be stated, the Cabinet recognized that some amount of response would be necessary, but took the view that the objective should be to shape what is said so as to keep maximum flexibility.

4. It thereupon sketched, for the guidance of the Minister for Territories and other Ministers who will attend the discussions, lines of guidance which are set out in paragraphs 5 and 6 below. To some extent, these lines comprehend those which the Submission itself put forward, but the formal position is that the Submission as a whole is unendorsed.

5. In sketching guidelines, the Cabinet indicated, in the first place, that the opening section of the lines which the Submission sets out in paragraph 61 might be adopted. This section refers to acceptance of the policy of self-determination for the Territory. It was added by the Cabinet, however, that it would need to remain clear that eventual arrangements about the political status of the Territory will depend not only on the views of the people of the Territory at the relevant time (as distinct from the views of the people at this time), but also, insofar as the arrangements may bear upon Australia's area of decision, on the views of the Australian Government of the day.

6. The Cabinet then developed its guidelines as follows—

‘There is general agreement in the Cabinet on the desire to have and to keep as much flexibility for the Australian Government as possible. And since flexibility and precise response to the Select Committee would not run together, it will be necessary to avoid both formality and precision in what is said to the Committee. It might be said, as paragraph 61 proposes, that it is the Territory's prerogative, on its own decision and its own timing, to terminate its present territory status and to take independent status. But that being said, it might be added, not by way of instruction or advice but in the process of give and take of counsel, that the Government would think that the Territory will not wish to make a decision for independence until it has, for instance, a good deal greater degree of economic and political viability than it now has, and that pending this achievement, Australia will be willing to see the

¹ Document 25.

Territory continue in its present political status, and further, will stand willing, and will desire, to help its development. It will assist towards financial independence by progressively giving the Territory more financial autonomy as its capacity to contribute to its own revenues increases. Further, it will wish to put more and more of the administration of the Territory in Territory hands, by the development of the Territory public service and to enlarge progressively the measure of self-government. Finally, still in terms of give and take of counsel, it might be said that Australia would think that whatever the political status of New Guinea may be at any time, there would be, as a matter of mutual self-interest, a defence relationship and also a trade relationship of mutual advantage. The defence relationship would derive from the Territory's need of Australian aid in defence, and from Australia's interest, from a defence point of view, in New Guinea.'

7. Paragraph 60 of the Submission proposes a general statement to the effect that, for its part, the Government does not see the difference in status of Papua and of New Guinea as leading to a preferred position for Papua as against New Guinea in respect of relationships with Australia. It was agreed that an indication of these lines would be in order.²

[NAA: A1946, 1968/838]

2 On 31 March, Barnes made a statement to parliament in which he announced the forthcoming visit of the Select Committee. He traced the background to the visit and observed that possible changes to the composition of the House of Assembly would need to come before the Commonwealth Government in 1966 if they were to be implemented before PNG elections scheduled for March 1968. Likewise, sufficient time was necessary if the House of Assembly was to approve alterations to electoral boundaries. Barnes also noted that the Committee seemed 'particularly interested in the range of special relationships in the future between Papua and New Guinea and Australia which might be considered by the Government of the day'. 'The Government', he explained, 'has no desire to press constitutional changes upon the people of the Territory which they do not want or for which they think they are not ready nor will the Government refuse to make changes if there is strong and widespread support for change in the Territory. This is the Government's attitude to the possibility of changes affecting the House of Assembly which the Select Committee referred to in its interim report, and it applies also to possible changes in the form of executive government i.e. in the arrangements for the Administration of the Territory to operate after the next elections for the House of Assembly. Subject to these considerations the Government would regard transitional steps towards eventual responsible ministerial government as appropriate at this stage. Without taking away from the Commonwealth Government's final policy responsibility that is exercised through the Administrator and the Minister for Territories, arrangements could be made for certain responsibilities of a ministerial character to be passed to an initially limited number of elected members and for changes to be made in the arrangements for the Administrator's Council directed to the same end' (NAA: A452, 1966/4576).

35 MONTHLY INTELLIGENCE SUMMARY NO. 3/66

Port Moresby, 1 April 1966

SECRET¹*[matter omitted]*

A number of reports have been received during the month of unrest amongst students about the pay and conditions laid down under the Public Service Ordinance 1964. We consider that the students' unrest and the allied unrest amongst the younger indigenous members of the Public Service is serious and could lead to incidents of public disorder if in their view the results of the arbitration hearing are unsatisfactory.

*[matter omitted]**Political Trends—T.P.N.G.*

Further to Item 6 of M.I.S. 2/66¹ there are indications (F3)² that Mr. J.D. GUISE, the most prominent indigenous political figure in the Territory and leader of the elected Members of the House of Assembly, is losing support within his own electorate.

2. It has also been reliably reported (C2) that during the recent sittings of the House of Assembly in Port Moresby, (1st to 9th March, 1966) GUISE was loath to leave the confines of his place of residence at HOHOLA (a low-cost housing development near Port Moresby) during the hours of darkness, due to his firm belief that he would be assaulted by 'political enemies'.

3. Three indigenous M.H.A's, two of whom are Under Secretaries, are reliably reported (C3) to have stated that since the death of William BLOOMFIELD, formerly the Member for the Kaindi Open Electorate, there are no European Members, Official or Elected, who will assist the indigenous Members in the House. One of the group also stated that a small group of European Members are openly derisive towards indigenous Members and belittle them at every opportunity. In this respect, some indigenous Members are incensed at what they consider discourteous behaviour on the part of certain Official and Elected European Members who remove their earphones and do not appear to pay attention when some native Members speak in the House.

4. Many indigenous M.H.A's are dissatisfied and at least three including one Under Secretary, have publicly stated that they are resentful of what they believe to be 'pressure tactics' adopted by Official Members to force legislation through the House. Others have also been out-spoken regarding their frustration in not being able to obtain satisfactory answers to questions raised by them in respect of matters affecting their own electorates.

(i) Although previous reports indicated that GUISE was losing the confidence of other Elected M.H.A's, this is the first significant indication that he may also be losing popularity in his own electorate. The reasons for his fears of assault by 'political enemies' are not known and could possibly be the figment of his own imagination.

1 The MIS for February reported 'indications that most elected members of the House of Assembly are dissatisfied with the leadership of Mr. J.D. Guise and may take action to either censure him or elect a new leader'—though there had 'been no signs to date that any other individual member is prepared to challenge GUISE for the position' (no. 2/66, 4 March 1966, NAA: A452, 1966/842).

2 Bracketed text refers to the frequency and reliability of information provided by a given source.

(ii) The late William BLOOMFIELD was known to maintain excellent relationships with indigenous M.H.A's and other native people with whom he came in contact. However, whether or not the criticisms levelled at some of the European Members are valid or just reflect the inability of indigenous Members to accept the banter and/or informality of Parliamentary debate and proceedings, they could lead to the House of Assembly becoming divided on racial rather than political grounds.³

[*matter omitted*]

[NAA: A452, 1966/842]

³ Hasluck had earlier expressed doubts over methods of collecting political information for the MIS. Referring to a draft item on 'Developments in political awareness' (not found), which had apparently involved covert observation of legal political gatherings, Hasluck cautioned: 'I know personally and intimately both [patrol officer] Albert Maori Kiki and [MHA for Esa'ala Losuia open electorate] Lepani Watson and regarded them as two of the best influences among their particular groups. I would be very sorry to think that they are now being "watched" and "reported" upon as though they were engaged in some wrongful activity. If these two men have gone bad or were to go bad in the future I believe it would be entirely our fault and, in my opinion, nothing would have a more harmful effect on them than if they were to be treated as persons who needed "watching" instead of persons with who we should discuss freely the needs and aspirations of their people. There is unfortunately the tendency in all intelligence work to be on the look-out for plotters. We must guard against it' (marginal note by Hasluck, 28 February 1966, on submission, Davis to Hasluck of same date, NAA: A1838, 936/3/15 part 2). In a meeting of the TIC on 4 March, the External Affairs representative suggested that 'the primary responsibility for submitting reports on the political situation in T.P.N.G. should rest with the Administration representative if a partial and possibly misleading picture were not to be given to recipients of the L.I.C. summary', but he reported to DEA that the 'unfortunate fact seems to be ... that the Administration does not have its finger on the pulse of local developments' (minute, Woodard to Booker, Jockel and Davis, 8 March, *ibid.*). Hasluck was subsequently informed that 'On their admittedly brief visits to the Territory in recent months officers of the Department have formed the impression that at the highest level there is not that intimacy of contact and discussion which would seem clearly to be desirable if the indigenous leaders are to be able to develop satisfactorily in the evolving political situation in T.P.N.G. ... In the specific case of Albert Maori Kiki the Administration has made a number of attempts to meet his wishes over the last fifteen months but it would appear that nevertheless he has increasingly lost confidence in and become alienated from it' (submission, Davis to Hasluck, 14 March 1966, *ibid.*).

36 LETTER, BUNTING TO WARWICK SMITH

Canberra, 15 April 1966

SECRET

I feel that I should send to you, and through you to the Minister for Territories, what I might call a supplementary note in relation to Cabinet Decision No. 138, which refers to Papua and New Guinea—Ultimate Status.¹ This was the subject of Cabinet Submission No. 71.²

The point is the possibility of eventual integration of the Territory with Australia as a State on equal terms with the present States. It may well be that the decision is not sufficiently specific on this point.

As you know, it was part of the Minister's recommendation that such an association would be excluded—see paragraph 62(a). But the decision indicates that the Submission is 'unendorsed' and this could give rise to a belief that the question of integration as a State remains open.

Therefore I had better say that, as I saw it, the line of the Cabinet discussion would require that the New Guinea delegation receives no encouragement, and in fact receives discouragement, about integration as a possibility. Even though, as the decision records, the Cabinet has said that the ultimate arrangements will be for the people of the Territory and, if necessary, the people of Australia, at the time of independence, it also had in mind that it could be disastrous to allow the delegation to go back home with false hopes.

This confirms our telephone discussion. As I said then, I am sure the Minister is in no doubt about what I have just said.

[NAA: A4940, C1724 part 2]

1 Document 34.

2 Document 25.

37 MINUTE, O'BRIEN¹ TO WARWICK SMITH

Canberra, 18 April 1966

Reported dissatisfaction with leadership of Mr. John Guise for P&NG House of Assembly

In Sydney on Wednesday night at the reception for Members of the P&NG House of Assembly, I talked to a number of the visiting Members about the position of Leader of the elected Members in the House.

2. Matthias Toliman, the Deputy Leader of the elected Members,² told me that he had been approached, on several occasions recently, to accept the leadership. He said he had refused because he felt he was not experienced enough to effectively lead the elected Members although there was great dissatisfaction with Guise as Leader.

3. Toliman said that Guise had been elected because indigenous Members felt that he had a wealth of administrative knowledge which he could pass on to the others. However, Toliman said that Guise had refused to pass on his knowledge to other Members and in Toliman's own words has been 'very arrogant and rude and impatient of Members'. Toliman said that he did not think that Guise would remain long as Leader.

4. His comments were supported by Dirona Abe, Tei Abal and Nicholas Brokam who were critical of Guise.

5. I suggested to Toliman that if he was called on to lead, he should seriously consider accepting the leadership because it would be his duty to give effective leadership to the elected Members. Toliman made no direct comment on this, but the other Members mentioned, agreed and said if Guise were to be replaced, it would have to be by a man acceptable to all sections of the elected Members.

6. Critical references were made to Guise's single handed attempts to produce a name, a flag and a national anthem for Papua and New Guinea.³

7. Tei Abal made an interesting comment that the Highlands were suspicious of Guise because they felt he was trying to push them, before they were ready, into independence.

8. For your information.⁴

[NAA: A452, 1966/4576]

1 M.G. O'Brien, position unidentified, DOT.

2 Also MHA for Rabaul open electorate and Under-Secretary, Administrator's Department.

3 See editorial note 'Papua and New Guinea's constitution and ultimate status: debate in Port Moresby and Canberra'.

4 Guise was deposed as leader of the elected members at a meeting of 9 June 1966. He commented during the meeting that he was 'happy to resign to give more time for ... constitutional concerns' (minute, Swift to Payne and R.K.H. Rose (OIC, Information Section, DOT), 9 June 1966, NAA: A452, 1966/2968, and minute, Ballard to Warwick Smith, 14 June 1966, NAA: A452, 1966/2960).

38 NOTES OF DISCUSSIONS BETWEEN MINISTERS, OFFICIALS AND SELECT COMMITTEE

Canberra, 18–20 April 1966

MONDAY 18/4/66

[*matter omitted*]¹

10.55 a.m., *Minister for Territories*—Welcome by Minister for Territories. Arrangements with other Ministers given. Talks to go to Thursday² or longer if required. These were informal talks concerning matters of interest to Select Committee and it was hoped to come to some useful decisions at end. No statements to press but it was hoped that [there would be] some broad agreed report at end of discussions. The Minister had to report on discussions to Parliament. Members may have seen reports of Government's decisions and views which would be given at the meeting.³ Members should take {no} notice of those reports. Someone had used his imagination in writing the article.

Minister for Territories—Statement giving Government's views as set out in attached notes⁴ was made. Interpreted into Pidgin as Minister went along. Additional points made to those set out in notes attached were—

*Page 4.*⁵

- Many years ago Australia consisted mainly of New South Wales. Who at that time could have predicted the Federation we would have to-day? There may be other changes in Australia in the future. The discovery of gold here brought many people to Australia and exerted considerable influence on changes in future years.
- Who would have thought 15 years ago that Indonesians would be in West New Guinea to-day? Will Indonesians be in West Irian in future years or will it be governed by people of your own race? Will people of West Irian wish to be joined with Papua and New Guinea in the future? These things we do not know.

Page 12.

- Whatever the final status of Papua and New Guinea the Australian Government would think that there would be a mutual defence and trade relationship between Australia and Papua and New Guinea.

Mr. Guise—Thank you for your trouble in setting out Government's views. We would like to have copies of the statement just made and look at it.

1 Matter omitted indicates that talks of 18 April were attended by Barnes, Snedden and William McMahon (Treasurer). The Ministers were accompanied by officials from their respective departments and by a representative of the Department of Immigration.

2 21 April.

3 In a headline story of 16 April, the *Australian* had maintained that Cabinet would tell the Select Committee there was 'no chance of Papua – New Guinea becoming a state of Australia'. It was also to be told that there was 'little or no chance of future close association' and that 'New Guineans cannot look forward to large-scale immigration into Australia' (NLA: mfm NX 48).

4 Document 39.

5 Page numbers four and 12 (below) do not correspond with page numbers of the printed document from which Document 39 is taken (Barnes was apparently reading from a version that was typeset in a different manner). It is therefore unclear what portion of the text is denoted by these page numbers.

Mr. Barnes—I would like to mention that I hope officials will in these discussions exercise their own views and not the views of the Government.

[*matter omitted*]

It was then agreed to adjourn to 4 p.m.

MONDAY 18/4/66—4.05 P.M.

Mr. Guise—We want you to clarify some statements. You said that this was an informal meeting—no records. We have to report to House of Assembly. How can we do this unless we have a report?

We would like to ask a number of questions on your statement. This is why we want a record. When a statement is made we want to see it before it is issued. A statement was made recently about political development which we did not know about.⁶

Mr. Barnes—Our final report which we hope we can agree on will contain all the points from the meeting.

Sinake Giregire—Third last line of page 4 of your statement (printed copy).⁷ We have come here to ask for a path for the future.

Mr. Barnes—We have had many changes in the Legislative Councils and now you have the House of Assembly. You will have other changes in the future.

Giregire—We have come to find the manner in which change will come about. We have come here to find a road.

Mr. Barnes—I would like to refer to my statement in which I said self-determination was the Government's policy and full internal self-government should be the present aim. Changes should be made step by step as you are ready.

Mr. Downs—I refer to page 2, 4th para of your statement.⁸ Clarification of this is before you go step by step you must have an objective. The final form of the constitution could be different if the steps were different.

Mr. Barnes—I have pointed out the difficulties. To set a long term objective is to adopt a highly speculative approach. There will be many changes in the future and you cannot anticipate what will happen in the future.

Downs—It is reasonable that Parliament should achieve a bi-partisan approach to Papua and New Guinea. The United States have done this on foreign aid. Australia had had a long association with Papua and New Guinea and would hope that it would be possible for the Government to adopt a bi-partisan approach. This would reduce the danger of reaction by the people of Papua and New Guinea.

Mr. Barnes—Would assist as immediate objective to have a bi-partisan approach but this is not easy to achieve politically. What is the advantage of this over a step by step

6 Apparently a reference to Barnes' statement to parliament of 31 March (see footnote 2, Document 34). In *The Australian Trusteeship*, published in 1980, Downs recalled that some members of the Select Committee 'were distressed that Barnes had pre-empted the forthcoming discussions in Canberra by indicating the Government's cautious constitutional intentions two weeks before the Territory delegation was to be received. Guise thought that the committee was being subjected to pressure and elected expatriate members of the committee were disturbed that the reference to future "special relationships" might lead to confusion if nothing positive came out of the Canberra meeting' (p. 372).

7 Document 39, line beginning 'Everywhere I have been in Papua'.

8 Paragraph beginning 'You said that you needed to know'.

approach? What does it matter if two parties agree to an approach? It is [of] no advantage to have both sides of the House agree on an approach.

Mr. Stuntz—Statements made in the House of Assembly recognise that the formulation of a long term policy would be an important factor to encourage investors. Uncertainty of the future is the greatest factor deterring investors.

Mr. Barnes—It is a desirable objective to bring confidence to investors. If however you map out a constitutional plan this could be a straight-jacket which the people might have later to get out of. What can we do to give people greater understanding of the {issues} in constitutional changes? What will they be thinking in future years? Irresponsible expressions about the future of Papua and New Guinea do have a bad effect on investors.

Mr. McMahon—Draw attention to pages 5 and 7 of Minister's statement⁹—one of the bases on which you can ensure stability is continued Australian assistance and you will be given further financial autonomy. These are the ingredients which lead to further substantial private investment.

Mr. Snedden—There is no magic in a draft constitution. Persons looking at a country to assess its stability can only look at what binds it, {not} what is likely, probable or possible in the future.

Mr. McMahon—We are trying here to get a {n accommodation} of minds. There are two compartments—

- (a) the constitutional problem;
- (b) economic and financial problem

With regard to (a), none of us can anticipate what will happen in the future. What will generations in the future think? We cannot mortgage a future Australian Government to particular or peculiar ties with some other country.

With regard to (b) there can be no denial that over the years we have attempted to give a high rate of economic development to Papua and New Guinea and provided the money to do this. We will provide aid each year. We cannot say how much. You cannot commit the future Government of Papua and New Guinea and we cannot do the same in Australia.

Mr. Stuntz—Agree that a draft constitution can be altered and does not give guarantees to future investors. If we can get the feelings of the people at this time we ally fears to investors.¹⁰ We feel if we are in a position to go to the people on the range of alternatives of close association and if these could be made public—and also made known that they were acceptable to the Australian Government—this would be¹¹ a big effect on investors in the Territory.

Mr. Barnes—Support what Attorney said. Look at countries like Ghana, etc. with excellent Westminster constitutions but the people have not grasped essentials of the constitution. It is not in their hearts to give effect to the constitution.

Mr. Stuntz—The effect of any constitution must be linked with associations with Australia.

⁹ Page five begins 'There is plainly' and ends 'to the time table'. Page seven begins 'There is need for your co-operation' and ends approximately at 'the Australian taxpayer'.

¹⁰ This should perhaps read 'allay fears of investors'.

¹¹ Presumably, this should read 'have'.

Mr. Barnes—How can we say what will be the views in the future? You can have excellent intentions. Self-determination is the Government's policy. Any constitutional arrangements agreed to now could change.

*Mr. Eric Eupu*¹²—Refer to page 4 of Minister's statement on different status of Papuans and New Guineans.¹³ Papuans do not know if New Guinea would be permitted to have a close association with Australia. If Papuans knew this it would help. The United Nations will force New Guinea to break with Australia.

Mr. Barnes—We treat the two Territories as a whole and will not favour one group against another. You need have no fears about the Government being forced into changes by the United Nations.

Dirona Abe—What does full internal self-government mean in page 2 of your statement (third line)?¹⁴

Mr. Barnes—It means that you will be pretty well independent economically and politically. You will raise the major part of your budget but you could still get assistance from outside. You will have full control over your own Government.

Mr. McMahon—Can add little to what Mr. Barnes has said. It is your right to determine when and where. The words mean exactly what they say and you cannot add to that. During the whole of this period the Government will give all help it can to aid the Territory economy (refer to second last paragraph, page 7 of Minister's statement).¹⁵

Words 'full' do not mean anything really. We just want to make it clear what we meant.

Mr. Barnes—I would like to add this. It could mean internal self-government as a Territory with Australia responsible for defence and external affairs.

Mr. Guise—Referred to page 4 of Minister's statement on citizenship.¹⁶

True you look at Papua and New Guinea as you indicate but you must agree that in international law they are two entities. Papuans are Australian citizens and New Guineans are Australian protected persons.

There are two roads—Papua can join New Guinea as a Trust Territory or New Guinea can join Papua as an Australian Territory. What is to happen?

Mr. Snedden—Mr. Eupu said Papuans may find their interest different to New Guineans. This seems to point to clarity of Mr. Barnes' statement because at this point of time the facts are not known. There is a big distinction between internal self-government and independence as a nation. These are two different concepts. While Papua and New Guinea is in the present situation, citizenship is not important. It might be important at some time in the future but it is not now. It is not desirable now to determine citizenship when ultimate self-determination has not been reached. One decision will determine the other. At time of self-government citizenship is of vital importance. If you can say with certainty that future of the two Territories is the same then citizenship is not important. Citizenship as a decision now could determine your ultimate position.

12 MHA, Popondetta open electorate; Under-Secretary, Lands, Surveys and Mines.

13 Document 39, paragraph beginning 'There is another matter'.

14 That is, in the sentence beginning 'I suggested in those talks'.

15 Paragraph starting 'If the Territory people wish it'.

16 See footnote 8.

Mr. Guise—I am not talking about self-government but of the fact that there are two different status.

Mr. Snedden—We cannot change New Guinea citizenship until the trusteeship has been achieved and concluded.

*Mr. Wegra Kenu*¹⁷—Many times we have discussed the separate entities of Papua and New Guinea and we want to finalise this question now. I support what Mr. Guise said. Why can't we find a way to join the two peoples together? Essential that Australian Government says whether we are joined or if we are two separate Territories.

Mr. Barnes—What practical significance has it?

Mr. McCarthy—Only difference I know was after the war when treason applied to Papua but not New Guinea.

Dr. Scragg—The Highland's reluctance to move to independence or self-government {is because} of the division into two countries. Papuans have permanent association with Australia unless Papuans renounce it. Will New Guinea be allowed to have this same type of association?

Mr. Barnes—This still does not answer my question.

Mr. Guise—Inside our country there are two people. A Papuan goes to New Guinea he is a Papuan. You have been to our country many times—why haven't you seen it? Australia has the power to change this. Why doesn't it?

Mr. Snedden—The Commonwealth does not possess this power legally. As a matter of power it is not in the Australian Government's power to do what Mr. Guise asks.

Must also make it clear that while we haven't the power now we can have it in the future when the people decide what they want. It is probably not in the Government's hands but in the United Nations' to make the sort of provision you are asking.

Mr. McMahon—I emphasise what the Attorney-General said—no legal power. Secondly on assumption that Papua could be in close association which Dr. Scragg referred to—we have not used the words 'close association'.

TUESDAY 19TH APRIL, 9.30. A.M.

MINISTERS PRESENT—MINISTER FOR TERRITORIES, ATTORNEY-GENERAL

Mr. Downs—Governments have in other cases committed future Governments—for example the North West Cape Project. People want to maintain close ties with Australia. Want something more created than¹⁸ we have now.

Disregard reports which you might see in the paper today¹⁹—not true reports.

¹⁷ MHA, Upper Sepik open electorate.

¹⁸ This should probably read 'than'.

¹⁹ In the *Australian*, Guise was reported to have left the meeting of the 18th in an 'agitated' state and to have said that the 'sooner Australia got out of Papua – New Guinea the better'. It was also claimed that the PNG delegates 'are known to have been seriously dismayed by some Commonwealth proposals'; the Government had 'made it plain that there was no chance of Papua – New Guinea being declared an additional State' and this 'aroused severe criticism by Territory delegates, especially colored members' (NLA: mfm NX 48). Meanwhile, an article in the *Sydney Morning Herald* quoted Downs as saying he 'find[s] life in the Territory boring these days ... Things are just drifting along'. The writer added that Downs was 'believed to have modified his past advocacy of Seventh Statehood' and now belonged to a group that thought PNG should have internal self-government with 'strong legal links' with Australia, including exchange of migration

Committee has job to put Australia's position to the people of the Territory. It might be important that Australian Government give assurance that a break in the constitutional relationship with Papua is not contemplated. Although this is not in your paper we received²⁰ you made a strong reference to defence and trade. If the Australian Government is remaining inflexible on this position in the statement then can you give a different statement on defence and trade relationships and reconsider your fixed position on the constitutional side? Important that Territory people do not get a feeling of rejection.

If you are complaining about the standards in Papua and New Guinea you can not blame Papuans and New Guineans—these are standards the Australian Government has set.

I could ask more embarrassing questions but thought I should make a statement on this line. We should talk about immigration and the Minister for Immigration²¹ should hear our views on this.

Mr. Barnes—We are deeply interested in the future. With regard to the feeling of rejection we have not rejected anything you have put up. Policies have been flexible. You will have all sorts of changes—tertiary education—and new attitudes to government are possible. Defence arrangements disintegrate with time. Changes should go step by step. The greatest step forward was the House of Assembly. We have accepted the World Bank Mission report and a five year programme of development.²² We can't go further and commit the Government too far ahead.

The changes will come from the people of Papua and New Guinea. We will give assistance. After changes we may have to re-examine our position.

We have no intention of changing the present position of Papua and New Guinea.

Papua and New Guinea is an integral part of our defence plan. As the situation changes we have to look at this plan and if independence is the outcome in Papua and New Guinea the defence position will have to be looked at by the government of the day. Bases on independent countries from experience are not good.

To show our goodwill and interest in Papua and New Guinea I have some figures of aid to other countries (Minister then gave aid figures of Ghana, Kenya and Tanzania). On basis of world aid we stand second to none. Jordan gets 66% of its budget by foreign aid but this is given by the United States and the United Kingdom. We have no desires in Papua and New Guinea for our own material advantage. There are mutual benefits in defence and trade. The point is we do not want to push you away.

The Select Committee was appointed on your own initiative—it was not sponsored by us. It is a healthy indication of your interest in your future. You have right to make decisions—where they effect our policies we might have to review our position.

Mr. Simogen—We have come down to find exactly what the Government thinks so that we can reply²³ it to the people of Papua and New Guinea. We wish to know exactly what is

rights. Guise was also reported as favouring self-government, but as a precursor to complete independence. He was thought to have some support from Abe and Brokam, although Simogen, Kenu, Abal and Giregire were described as fearing that independence would result in the diminution of Australian aid (NLA: mfm NX 15).

20 That is, Document 39.

21 H.F. Opperman.

22 See introduction.

23 This should perhaps read 'relay'—or possibly the word 'it' should have been omitted.



Minister for Territories Charles Barnes in the eastern highlands, 1966. Barnes was at his most comfortable with the highlanders, who generally shared his view that self-government should come later rather than sooner.

[SOUTH PACIFIC POST]



The Select Committee in Canberra, April 1966. Chairman John Guise (centre left, wearing spectacles) is pictured opposite Barnes and George Warwick Smith, Secretary of the Department of Territories. Hoping for signs in favour of a close constitutional association between Australia and PNG, the Committee interpreted Australian evasiveness as rejection.

[SOUTH PACIFIC POST]



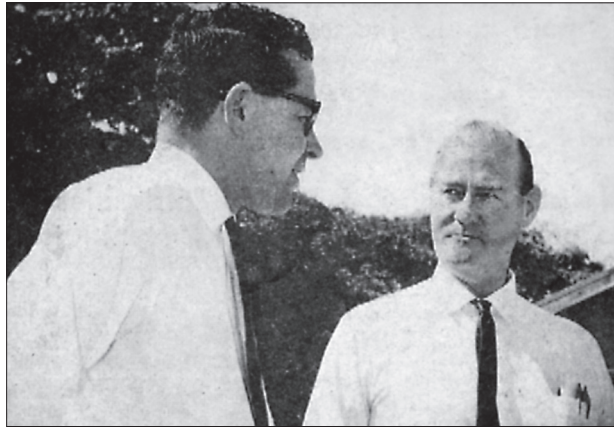
The Pacific Islands Regiment on parade. The PIR was a source of anxiety because of its unreliability—and it was also the object of controversy within Government due to disagreement over whether it should be available for internal security purposes.

[SOUTH PACIFIC POST]



Barnes speaking with members of the press. The Minister had an uneasy relationship with the press, clashing repeatedly with it over the timing of self-determination.

[SOUTH PACIFIC POST]



Counsel for the Administration, H. Wooton, right, speaks with the President of the PNG Public Service Association, J.G. Smith, during arbitration hearings on public service wages. The wages case caused unrest among indigenes, prompting fears in the Administration of a breakdown of law and order.

[SOUTH PACIFIC POST]



Michael Somare protesting against local officers' wages, July 1967. A public servant, Somare later resigned and was elected to the House of Assembly where he led the Territory's first successful political party.

[SOUTH PACIFIC POST]

Two administrators of PNG: Sir Donald Cleland, left, and his successor, David Hay. Both chafed under what they saw as unreasonable interference from Canberra in the day-to-day administration of the Territory.

[SOUTH PACIFIC POST]



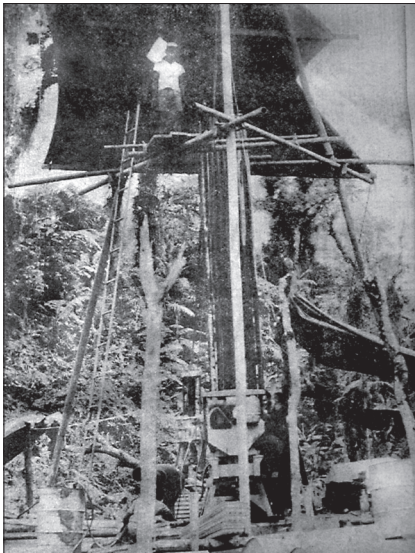
George Warwick Smith, Secretary of the Department of Territories, 1964–70. Warwick Smith was a dominant figure in the PNG policy-making process. Forceful in style, his ideas were rarely contradicted by Barnes, though he crossed swords repeatedly with David Hay, whom he regarded as ‘developing a wrong and possibly serious view of his [constitutional] position vis-a-vis the Minister and the Department’.

[KAREN RULE]



David Hay as Administrator-designate, left, and, right, arriving in Port Moresby to take office, January 1967. Reflecting his international experience and convictions formed during a five month preparatory period, Hay's inaugural speech placed emphasis on the need for greater consultation with Papuans and New Guineans.

[SOUTH PACIFIC POST]



Test boring for copper on Bougainville, 1967. The discovery of a large ore body raised Australian hopes that PNG's economic dependence might be dramatically curtailed—hopes that persisted in spite of strong local resistance to the ensuing mining project.

[SOUTH PACIFIC POST]



The signing the Bougainville copper agreement, 6 June 1967. Frank Henderson, PNG's Assistant Administrator (Economic Affairs), is pictured at right. A month before, a delighted Barnes said the agreement would represent 'a milestone in the Territory's economic development'. He remarked that the mine was predicted to 'double the 1965-66 rate of Territory exports' by the mid-1970s.

[PAPUA – NEW GUINEA POST-COURIER]



PNG delegates at a meeting of the United Nations Trusteeship Council, 1967. From left, MHAs Zure Zurecnuoc and Edric Eupu, flanked by the District Commissioner of East New Britain, Harry West. Australian representative Dudley McCarthy is at right. Indigenous delegates were chosen to blunt criticism of the Australian trusteeship by the Afro-Asian bloc and also to provide Papuans and New Guineans with experience in international relations. However, the Department of Territories resisted calls by External Affairs to train diplomats for PNG, saying that manpower was inadequate and that such training would prejudice the form of self-government to be chosen by the people of the Territory.

[SOUTH PACIFIC POST]

going to happen—Papua and New Guinea having a close association or at a distance from Australia. Yesterday I heard nothing concrete at all. When the U.N. visits New Guinea I have asked them who controls New Guinea. They say the trust has been given to Australia and Australia controls the Territory. It is true you have given much financial assistance. We want to know whether we are going to have a close association. We want to know what is going to happen. It is intended that the Select Committee relay the desires of the Australian Government to the people of the Territory. Many Australians are living in the Territory but how many Papuans and New Guineans are living in Australia? How many of these people have returned to Australia? If the Government does not give an assurance of close partnership many of the Australian people in the Territory will return to Australia.

I know a number of Europeans and they are afraid that self-government means expulsion for them. We want the Australian Government to tell the Select Committee what its attitudes are so that we can go back and tell the people of the Territory. We want to take back some good advice.

Mr. Barnes—Does Mr. Simogen think present relationships between Papua and New Guinea and Australia are good or does he want a change?

Mr. Simogen—It is a good relationship but insufficient. We want it even closer.

Mr. Snedden—What does he mean by closer?

Mr. Simogen—Closer ties and work more closely together and draw on your knowledge and resources.

Mr. Snedden—We find this interesting but you should realize that there are not two alternatives. What we have is two things that go together. You can have some contact (resources and financial) as you go along. As people determine the Territory's status there is no reason why Australia could not continue to provide funds and people.

Mr. Barnes—What is Mr. Simogen's view on independence?

Mr. Simogen—I can't tell you much about this. The people are not knowledgeable on this. We want to find out how we find the road to self-government.

Mr. Snedden—You use the words 'self-government' and 'independent' as interchangeable but these are different things. Independence means that you are your own masters but you do not lose all relationships with Australia. You can work out these arrangements later.

Ministers left at 10.30 a.m.

Mr. Warwick Smith—Explained importance of timetable for any next changes. Paper on timetable for changes distributed.²⁴

Administrator—Explained timetable for change.

Mr. Watkins—It might appear that time for Distribution Committee is short. It will have advantage of advice from time to time of the Select Committee on the number of seats. This will cut down the time.

Responsibility is now on the Select Committee to obtain the information required to furnish the report so decisions can be made on any recommendation.

Mr. Stuntz—Raised questions of interim report for next changes rather than final report.

²⁴ Not printed. For comment on time constraints impinging on the Committee, see editorial note 'PNG's constitution and ultimate status: debate in Port Moresby and Canberra'; also, Document 5 and footnote 2, Document 34.

Administrator—Interim report was possible.

Watkins—Following the discussions yesterday a certain atmosphere was created. The set up of the final constitutional aspects is important. We are getting on to interim changes. It is wise to keep in mind the ultimate aim. It is appreciated that people must take a bigger part in running their affairs.

Interim changes must retain the interest of the Australian Government—in formulating this we must have in mind the role the Australian Government is to play. We need to know the extent the executive side will be safeguarded. I feel that some discussion on future relationships—not decide these future relationships but some guide to the Committee. That is, not what the Government will do but what they will not do.

Dr. Scragg—Asked the Secretary if he could give a paper concerning the matter which Mr. Watkins had just discussed on ministerial government.

Secretary—It is better to start with Ministers on new matters. Will draw the Minister's attention to what Mr. Watkins said and this could be covered.

The meeting was adjourned to 3.30 p.m. that day.

TUESDAY, 19TH APRIL, 3.45 P.M.

PRESENT—MINISTER FOR TERRITORIES

Mr. Guise—Referred to report {in} paper that Mr. Guise says Australia must get out of Papua and New Guinea. This is a quite false report and has been manufactured. I am getting concerned that whatever is being said in here is getting to newspapers. I had a call from the 'Australian' reporter who told me what discussions had actually been held in this room. I have made no comment since the Committee arrived.

Referred to Minister's statement in House of Representatives—

'This is the Government's attitude to possibility of changes affecting the House of Assembly etc.'²⁵

I would like to ask the Minister on what conditions would the Government give self-government.

Mr. Barnes—When we met at Moresby²⁶ I suggested you interest yourself firstly in the next changes and that the timetable was very important. This is what I meant by step by step development towards fully responsible House of Assembly. We have made changes after seeking views of people and assessment of things such as capacity of people, financial responsibility and responsibilities of Australian Government. I stated we will advance you to self-government if you wish it. You now have an elected House of Assembly and a group which plays a big part in Government is the executive of Parliament. The difference between the Commonwealth Parliament and the House of Assembly apart from financial aspects is responsible Ministers. We have instituted a system of under-secretaries as a step towards developing a Territory executive.

We want to advance this stage. We are up against a problem faced by financial dependence on Australia. Our grant last year was £31m of a £52m Budget. The loans guaranteed by Australia total £3m. This is a large sum when related to aid to other countries. We hold the view that we have the right to see that the money is spent to the best advantage—that

²⁵ See footnote 2, Document 34.

²⁶ See Document 3.

is, in our view and not in the Territory's views. Also expenditure on defence and civil aviation is £14m this year.

First and most important aim is to advance economy so local revenue will grow. A lot of wealth is not being used apart from agriculture—e.g., timber and minerals. You have not the money to develop these yourself and we have not the money here. So we must attract people from overseas to invest in the Territory. In future for some years you will have to rely on political integrity of Australian Government so that funds can be raised overseas for spending in Papua and New Guinea.

We have to show the world and Australia that you have a stable and efficient Government—a Government in which they have no fear that investments will be lost. To me you have not yet had experience to run a full ministerial government. I said before we started²⁷ with under-secretaries to fill a situation which in some circumstances has an identity with Cabinet.

Next step is for two ministerial representatives who would also be in the Administrator's Council. The portfolios are a matter for discussion but perhaps health and education would be the most suitable. This is a beginning and I think I have indicated our position is not inflexible. We are going step by step as changes can be made. I have been fortified in these views by the local people of the Territory who see no virtue in hurrying. Look at other countries who have hurried. This is generally what I have in mind when I refer to ministerial representatives.

The important part of statement is that this does not take away the final responsibility of the Government exercised through the Minister for Territories while we supply the major part of your finances.

This is not a simple matter which I propose—financing them is one matter and the relationships of the Administrator's Council is another. You could discuss these things with the Secretary tomorrow.

Mr. Stuntz—Political development to date has not gone hand in hand with increased economic level. Does this mean that rate of political development will be governed by the rate that the Territory can raise its own expenditure rather than be related to the capacity of the people to exercise responsibilities of government?

Mr. Barnes—My views are that economic development in the Territory has not only been under way in recent times. The first stage was development of education and health. Without these you do not make much development in other fields. My view when appointed Minister was that a greater effort in economic development was necessary. This is not easily started.

Financial responsibility is one of major factors in ministerial responsibility—other factor is, do people want it?

My personal view is that we have taken responsibility for development for next five years under the World Bank Report. This again I believe is the wish of the people. I believe it would be a pity to change this before five years were up. This will be a small start with two ministerial representatives—further changes can be considered when we have completed the World Bank Report.

²⁷ Words appear to be missing here.

Mr. Watkins—You mentioned two ministerial representatives—I take it you also envisage that they would have some limitations compared to Ministers of the Commonwealth.

Mr. Barnes—I suggest we discuss this tomorrow.

Mr. Stuntz—Have you considered desirability and practicability of giving some local representatives control over local revenue?

Mr. Barnes—You mean ‘split’ the Budget. This is difficult although it sounds simple. If local revenue is devoted to some local matters obviously there will be fluctuations in this revenue. Some years it may not be enough, other years may be surplus while other departments are short of funds. In other words if you use taxes to provide funds for certain departments this revenue will not be available to general revenue. In Australia some years back there was a separate tax for social services and also a petrol tax for roads. We found in both cases the financing of these objectives were unsatisfactory and changed. Therefore all revenue goes into one fund. It does not mean that you cannot finance departments represented by ministerial representatives from the ordinary Budget.

Mr. Guise—Referred to question 5 of the matters listed by the Committee for discussion—the Parliamentary executive inside or outside the legislature.²⁸

Mr. Downs—The concern here is that lack of capacity of people will favour executives outside the legislature. In one way, with official members in the House of Assembly, now we have a non-parliamentary executive.

Mr. Barnes—The outside executive is said to have worked well in the U.S. One of chief drawbacks of a separate executive is where you have the elected parliament hostile to the executive. You can have a deadlock for years until new elections are held. This does not occur here where the Government is out when it loses the confidence of the parliament. The outside executive is remote from the House. You cannot have questions answered in the House. Your analogy to official members has some degree of virtue but official members have a close association with the Administration and this after all is in transitional stage.

Mr. E. Smith—You must have people with good qualifications to fill both executive and parliament. If you use some available persons from outside you have fewer suitable persons inside.

Mr. Watkins—The background to this item is that some members felt if a form of non-parliamentary executive were introduced the ministerial system you mentioned would go on but we could also have some outside executive to bring in local administration. It is not necessary that members of the parliamentary executive be native persons, they could be Europeans.

Mr. Barnes—This does not get over the question of responsibility when we provide funds. It also puts tremendous burden on the Administrator.

Mr. Downs—We are not advocating it, we just want to get your views.

Mr. Warwick Smith—Even present members of the House would find it less satisfactory if those responsible for executive action were not inside the House to answer questions on Administration.

²⁸ See Document 22.

Mr. Watkins—Referred to question No. 7 of Select Committee's questionnaire.²⁹

As this concerns the Government we thought we should get your views.

Mr. Barnes—Essential to have official members—we will not say what number, but enough to represent efficiently departments of Administration in the House.

Mr. Guise—I wish to ask the Minister if it is all right to ask the people this question.

Mr. Barnes—We can state no limit to the questions you can ask.

Mr. Stuntz—Are there any questions the Government would like us to put to the people to get their views?

Mr. Barnes—I have not given this thought. I look at this as an independent committee going on its way. I can see a lot of difficulty in getting understanding of questions you propose to ask.

The Committee adjourned until 8.00 p.m. when the Minister for Immigration would be available to meet the Committee.

TUESDAY 19/4/66, 8.20 P.M.

PRESENT—MINISTER FOR TERRITORIES AND MINISTER FOR IMMIGRATION

Mr. Stuntz—Migration has come up a lot mainly in newspapers. It is not in our mind or minds of Papuans and New Guineans to press for mass arrival down here, therefore social services and accommodation problems are not likely to arise.

If migration is to be a problem it could be taken separately from any other association which might occur. There could be limits on numbers who would come here and a limit on number of people going to Papua and New Guinea on [an] equity arrangement.

Would like to hear from Government generally and tell how new scheme of immigration would work for Papua and New Guinea. Has the Minister considered the situation of Papuans in regard to their present status as subjects of the Crown?

Mr. Opperman—The first question can be answered more readily than the second. The alteration of immigration laws covers the idea of bringing into Australia for permanent residence people who would integrate in the community. Feel that we do better if we speak frankly and cordially without embarrassment.

Racial differences are sensitive area and overcome realities of [the] matter. People must be compatible. Policy of Government is to bring in new regulations covering Asians and other races who fit into categories for work which cannot be carried out by Australians—i.e. high technical skills, ability to merge readily into the Australian community. This briefly outline of new policy.

We believe greatest necessity for new developing nations is to have people with skills and abilities, so we make provision for students to come here and be taught things of advantage to their own country.

Must not be overlooked [that] with {our} educational requirements to-day and with technical schools etc. over-crowded, if people from overseas come here they deprive an Australian of the opportunity and so the basis of the arrangement is that they should go home at the end of their training. More than 400 students from Papua and New Guinea now in Australia.

²⁹ See Document 21.

Can understand why [there are] some cases where people who come here and like it desire to remain. But any one with the interest of their own country at heart and [who] can contribute something to their country, should submerge those ideas and go back and help their own country.

There is not much more I can add but if there are people in Papua and New Guinea who have fundamental ability to train that way, there is no resistance to them coming here. I have right as Minister in special cases (in conjunction with Minister for Territories) to look at and study them as special cases.

Mr. Stuntz—Other than students, would change in immigration policy apply equally to people of Papua and New Guinea (i.e. in same manner as people of other countries) before self-government?

Mr. Opperman—If you had a person who had developed to the degree that Australia could utilise his services I feel frankly that the Australian policy should be that he would be of more use to his country. Each case would be considered on its merits but felt that it would [be an] exceptional one to allow something to the advantage of Australia which is not to the advantage of Papua and New Guinea.

Dirona Abe—Would like to know a bit further about Australian citizenship which I am very proud of. Talking as a Papuan there are some restrictions on Papuans coming here. As we have a close association now with Australia, are these restrictions to continue?

Mr. Opperman—This comes down to the legal side. Australia means the Australian mainland and Tasmania. The Immigration Act requires all immigrants to Australia to have an entry permit. Under that Act Papuans and New Guineans cannot enter Australia—there is no freedom of movement under the Act as you say—without entry permit. Those who require a permit to enter must have a travel document from the Administration. In reverse Australians must have a permit to enter Papua and New Guinea.

To go back to my answer to Mr. Downs, I repeat again, as people working for the best interest of Papua and New Guinea, do not let us have sensitive feelings. If you have free entry you have incompatibility and resistance we would not want to have. This would create disharmony here because of the entry of people who because of skills and capacity are not ready to enter Australia.

Mr. Barnes—I support the Minister in those comments. People of Papua and New Guinea need permits to come here and Australians need permits to go to Papua and New Guinea. The people of Hong Kong and Fiji are citizens of the United Kingdom and colonies but they need permits to go into the United Kingdom and people from the United Kingdom need permits to go there.

Mr. Stuntz—What is the current situation of a Papuan in Australia who decides to stay? As an Australian citizen could he be deported?

Mr. Opperman—The action of deportation I face with reluctance. Any Papuan in Australia obviously would be here on the understanding and with a permit for a certain time. The expiration of this time would allow us to take deportation action.

You are talking of a theoretical case. If such a thing happened this would prejudice immediately the entry of other Papuans and mean that we would have to tighten up a weakness that existed. A Papuan would do dis-service to other Papuans in breaking his undertaking.

Sinake Giregire—I brought up this subject in Tasmania at a C.P.A.³⁰ conference. You realise that people who come here do so to be taught and not to teach Australians. I have heard the Minister say that if people with skill come here there may not be work for him. But there are people coming here to get knowledge and skills to assist people of their country. That is a good thing.

Mr. Opperman—If people come into categories recommended for the good of Papua and New Guinea by the Administration then it is a matter of agreement to allow them to come. As necessity grows for Papuan and New Guineans to have it, and the Minister for Territories emphasises that need, we would grant the increases if it was for the good of Papua and New Guinea.

Does Mr. Giregire know of cases where people who would like to come here and have been qualified for training have been refused?

Mr. Giregire—I do not know of anyone being stopped yet but what I want to do is to find the basis of your immigration law.

Mr. Opperman—It is elastic. It is a question of Papuans and New Guineans needing training for the benefit of their country.

Mr. Giregire—Thank you Mr. Minister. Would like to ask our own personal Minister a question. We know what you have discussed about Papuans as Australian citizens—is Australia going to help us to come together as one people?

Mr. Barnes—We discussed this yesterday. The Attorney-General said it was not legally possible. But the Australian Government can make no distinction between Papuans and New Guineans. Both travel overseas on Australian passports.

Mr. Giregire—I am just trying to reaffirm to the Minister our desire to have one citizenship and we would like to bring this to your notice again.

Mr. Barnes—The Australian Government has shown no distinction in this. Since we have set the example of no distinction the people of the Territory should held³¹ by looking on themselves as one people. This is the only solution to your problem.

Mr. McCarthy—If a Papuan and New Guinean woman marries an Australian does that automatically confer the right of the woman and children to live in Australia? Also is this the same for an Australian woman marrying a Papuan and New Guinean?

Mr. Opperman—Yes they {can} come if married out of Australia or can stay if married in Australia. This is entrée as person fitting into the homogeneity of the Australian community.

Mr. Stuntz—In the event of a person eventually complying with Australian immigration policy and being surplus in the Territory (e.g. radio technicians) could Papua and New Guinea expect more favoured treatment than Asians under this policy?

Mr. Opperman—If one person was a Papuan or New Guinean [and]³² one was an Asian or [from an]other country then the Papuan or New Guinean would get preference. Nothing would give me greater pleasure than {feeling} that position[,] where excess Papuan and New Guinean could fill positions needed in Australia[,] will arrive.

³⁰ Commonwealth Parliamentary Association.

³¹ Presumably, this should be rendered 'help'.

³² Editorial interpretation of corrupt text.

Mr. Guise—Thanks Ministers.

Mr. Opperman—I don't want to appear to presume now that I am here to give you some experiences that I have had in immigration. I have however seen Australia go through a number of changes. There have been difficult times when it looked as if the future for Australia was not great. The people of Australia have stayed, have worked hard with no high standards of education but have had confidence in the country and gave no thought to leaving it. Great transformations went on here as you see but you do not know the effort which went into making Australia. There were people living in the back-blocks with no roads, no water, and with drought.

What I am trying to say is, that in all developing countries where people have opportunities to gain skills in other countries the idea should not to be out of their own country but to carry out sacrifices to assist their own country.

It is disturbing to me that the emphasis is on coming and staying here. When Papuan and New Guineans have things which we have in Australia and with the rapidity with which things can come these days then some reciprocity between Australia and Papua and New Guinea would not be surprising. The only way that can come about is to devote your efforts to your own country and not try and see the advantages in coming here. I say this to Malaysian and all other students coming here. You must be prepared to make sacrifices to make your own country develop.

Mr. Guise—We are very grateful to the Minister for his words and advice.

The meeting adjourned to 9.30 a.m. on Wednesday.

WEDNESDAY 20TH APRIL, 1966

NO MINISTERS PRESENT

Mr. Warwick Smith—We agreed on Tuesday that to-day we would have an elaboration of the Minister's references to transit steps towards ministerial government and the general considerations which underlie the Government's thinking about the kind of changes that ought to be made if the people of the Territory wish to see changes.

Two general considerations:

1. The first: that the object of change would be to ensure that elected members of the House of Assembly did actually carry some of the responsibility of a Minister—not only in form and in appearance but by carrying some of the work done by a Minister.
2. The second: the idea is for these Ministerial Representatives—they would not be Ministers in the full sense—to operate within defined limits of authority. They would understand, and the House would understand, their limits of authority. They could not be blamed for matters outside their powers but could be criticised for matters within their powers. They would be associated, to begin with, on a limited basis with certain departments.

So far as changes in the near future are concerned, the Government's view is that these changes would leave final responsibility in the hands of the Government—that is, the Minister through the Administrator in the Territory.

The major limit on the powers of the Ministerial Representatives is that, whereas Cabinet is fully responsible, this is a transitional step to getting to that stage, and final responsibility lies with the executive Government through the Minister for Territories.

In the Government's view the relationship between members and ministerial duties would need to be accompanied by changes in the Administrator's Council so that more and more discussion takes place and responsibility is exercised in the Territory and more and more policy is determined in the Territory. More and more the Administrator's Council would consist of those members and officials concerned with the policy of the Administration.

After those general things I should say that for the rest of what we say, you should not think that is the only way. This is the Government's attitude on a general matter and you can suggest ways how these problems can be worked out. The Government is not saying there is only one way of working out these details. Whatever is done will need to be a workable practicable arrangement.

The first point when it comes to working out is to consider what a Minister does in the working of a full Ministerial and Cabinet government. As Mr. Barnes said yesterday one of the major parts of a Minister's work is to make day to day decisions about the work that is done in his department.

Cabinet lays down broad policies and Ministers have to see that departments carry out these policies in the various things that crop up every day in every week of every year. Normally a Department prepares proposals on policy, perhaps on the Ministers instructions or on Cabinet's instructions but if he agrees with the proposals made in these papers, the Minister is responsible for the proposals.

Under this arrangement what could happen in the Territory is that the departmental head would prepare papers setting out some policy proposals. Then he would talk with the Ministerial Representative about them and if the Ministerial Representative agreed with them the proposals could go forward. If the Administrator agreed they could go to the Minister.

Sometimes the Ministerial Representative would want to initiate or start off some proposal. If he did, he would say to his departmental head 'I want you to prepare some policy proposals about this matter.' No matter whether starting with the Ministerial Representative, but if both agreed, the proposal would go to the Administrator.

If they do not agree—if the Ministerial Representative does not agree with the departmental head, or vice versa, then the proposal would go to the Administrator's Council who would advise the Administrator what they thought was the right thing to do.

Apart from that the Ministerial Representative would represent his department in the House of Assembly, bring in bills, answer questions and speak for his department, and give his views on anything that came up in the House affecting his department.

This is not the full picture but some of the main points that would have to be settled about the function of the Ministerial Representative in his relationship with his department and his duties in the House of Assembly.

In regard to the Administrator's Council, we have already said that this will be the main forum or body in the Administration for working out what the policies of the Government in the Territory will be. The Administration would talk about these policies with the Council and get their advice, except on certain subjects. The subjects he would not talk about in the Administrator's Council are defence, external affairs, constitutional—that is basic constitutional matters and internal security. There is a difference here between the legal and formal position and what might happen in informal discussions.

Mr. Downs—Are you committed—is this an irrevocable view?

Mr. Warwick Smith—No.

Mr. Stuntz—I am not too clear on what is included in ‘constitutional matters’.

Mr. Warwick Smith—I am not too clear either yet but the arrangements would formally oblige the Administrator to discuss most matters with the Administrator’s Council. These reserved matters would be only for the Government.

Mr. Downs—There would need to be some flexibility as, if, say, the Administrator was newly appointed he may need to talk about these matters with the Administrator’s Council.

Mr. Warwick Smith—It is important to understand the difference between things the Administrator must under law talk to the Council about and under law, the things he does not have to talk about. It is not that the Administrator’s Council cannot talk about these things—the Administrator merely must talk about a wide range of things but on a few reserved matters he need not talk about these things. There would be nothing to stop him talking to the Council about these matters.

That is the difference between legal, formal requirements and informal discussions.

Mr. Watkins—There are certain matters to go before the Council and if the Administrator does not accept its advice certain things happen. What we mean is that he does not have to have advice from the Council on these reserved matters.

Mr. Warwick Smith—Yes. On those things where the Administrator is required to consult the Council, if he feels he cannot accept the advice of the Council we [would]³³ make a custom—convention—habit that he should inform the Minister that he cannot accept the Council’s advice. If the Ministerial Representative on the Administrator’s Council does not agree with what the Administrator is going to do he could ask that his view be sent on to the Minister.

The purpose of this kind of arrangement is to make sure that the views of the Ministerial Representative get a lot of consideration. We would expect that on most things there would be talk-out on the Administrator’s Council—to try to get agreement.

What I have been saying about Ministerial Representatives’ views going to the Minister only³⁴ if agreement could not be reached: in the Administrator’s Council there always should or nearly always should be agreement on what should be done.

Because of this we would expect that Ministerial Representatives on the Administrator’s Council would nearly always be able to support outside the House and publicly the Administration’s views—they would be able say they agree with what is done.

Even if one Ministerial Representative is not able to agree we hope arrangements would enable him not to go out and say ‘I oppose this’. This is a difficult idea but [it is] necessary to have some understanding on this.

As to who the Ministerial Representatives will be and how they will be appointed this will need to be worked out. We think: appointment by the Administrator from the House of Assembly; they would need to have support, trust and confidence of the House. There would be problems for Ministerial Representatives as they would need to spend a long time in Port Moresby.

³³ Editorial interpretation of a textual corruption.

³⁴ Presumably, the words ‘applies’ or similar should have been inserted here.

That is all I want to say now on this. If you like we could talk about changes in the House of Assembly but it might be better to talk more about Ministerial Representatives.

Mr. Guise—Thank you Mr. Secretary. I think the Agenda might be—

- (i) General discussions on this matter
- (ii) A general statement we will release after the meeting
- (iii) Questions

Sir Donald Cleland—It would be only reasonable at this stage—now is the time for members to put their questions.

Nicholas Brokam—Yesterday I heard the Minister say that only two people should act as Ministerial Representatives. Now you say these people should join the Administrator's Council—will all be members?

Mr. Warwick Smith—Yes.

This is an important question. I have spoken about Ministerial Representatives and will want to talk about the Administrator's Council. What you call these men is something to be worked out but we do not think they should be called 'Minister'.

This is a first step towards the full Ministerial system government. Later on you get to the stage where you have a Cabinet and all Ministers.

At this stage we would think there should be the Assistant Administrators or Departmental Heads on the Administrator's Council and the Ministerial Representatives would be the only members of the House of Assembly. No one outside the House or outside the Administration on the Administrator's Council.

Firstly, we have to make the system work. When you see and we see that it can work there could be some more Ministerial Representatives and fewer officials. When you get to the stage where there are all Ministerial Representatives you will have a practically full internal self-government but at first there would only be a few Ministerial Representatives on the Administrator's Council and Assistant Administrators and some officials—directors and departmental heads.

Mr. Stuntz—Am I correct in interpreting that the intention is that your proposal coupled with what the Minister said[,] that only two Ministerial Representatives would be on the Council[, means] that elected members of the Administrator's Council will be reduced from seven to two?

Mr. Warwick Smith—It would not be the intention to limit this to two nor have a definite idea. When the Minister said two, he was saying for example two—he would not be inflexible about two. We have not reached a decision about this—until we know what the Committee thinks. Perhaps two Ministerial Representatives would not be enough but perhaps we could include some under-secretaries or members. We have not put forward a cut and dry proposal; until we know what you think, what the Administrator thinks could work. You can take it that what I have said means that we would like to see a stage reached where the Council consists of officials and Ministerial Representatives to make the Council work.

Mr. Stuntz—Now you have said two things—that Ministerial Representatives and elected members or under-secretaries should be on the Administrator's Council.

Mr. Warwick Smith—There would need to be enough Ministerial Representatives to represent the House. In the very first stage if there were only two I would agree personally that there would need to be more elected members.

Mr. Downs—Arising from the same matter there is nothing to prevent the Administrator's Council becoming more effective. There would need to be a limitation placed on the existing parallel committees within the Administration e.g. the Central Policy Planning Committee. The Administration would need to limit these committees but with people in the House of Assembly coming over only for meetings and not giving full time to executive government[;] you could not have the Administrator's Council buying into the Administration's daily workings[—]so limit the Administration's committees so that the Administrator's Council is the only one in that area but keep continuity of the Administration in its work. There is a reason for this. The Administration must be able to work.

Mr. Warwick Smith—This is a very important question.

A Minister here has a full time job. He comes to Canberra for Parliament which meets three days to 11.00 p.m.[,] he has Cabinet meetings, Party meetings and other meetings. He has to go himself all around Australia and do his departmental work. He has a lot of papers and people to see every day. He cannot do another job if he is to do his Ministerial job. Parliament meets here four days a week four months a year.

I think the way we see it is that the Administrator's Council becomes prominent and all others fade out.

MORNING TEA BREAK

Mr. McCarthy—Mr. Secretary. I have two positions—Director of District Administration and member of this Committee and today I speak as a Member. I have heard what you said about appointments as Ministerial Representatives. Previously we had under-secretaries.

I know there are two or three under-secretaries working well and that some others are capable people but departments do not give them work—they give them an office and leave them alone. I want to tell you there are two things for an under-secretary to do—there is no party system as in Australia:

- (i) Their work as under-secretaries
- (ii) They represent the people.

People say 'What do you do in Port Moresby?' People do not understand the work of the under-secretaries. They say 'He does not work here with us, he sits in Port Moresby'.

I want to know how are we going to implement the Ministerial Representative system—explain to people, educate them as to why he remains so long in Port Moresby.

You have spoken about the work of Ministerial Representatives and the Administrator's Council—we understand that. What is the work of the Central Policy and Planning Committee—to make policy? I would like to ask Mr. Secretary to explain how it is possible to have the Administrator's Council and the Central Policy and Planning Committee.

I as an individual—and as a member of this Committee—want people to have responsibility. Mr. Secretary said that Ministerial Representatives would be capable of communicating directly with the Minister. I know within the framework of the Departments, especially your Department, we have to wait up to six months for a reply. This is inefficient and we will have to speed this up.

I agree with what you say but I wish to point out our difficulties.

Mr. Warwick Smith—I wish to comment on what Mr. McCarthy said and also on what Mr. Downs previously said.

To begin with we do not know how the system will work—there are problems for Ministerial Representatives, the House of Assembly, the Administrator's Council, and the Government. We have to remember that the Ministerial Representatives will have their problems as this will be a full time job. The Administrator is still responsible for administration and getting everything done.

No-one thinks it will be easy to make this arrangement work. As I said to Mr. Downs, as we see it, as the Administrator's Council grows and does more work the other committees e.g. Central Policy and Planning Committee will fade out. There will be no cut-out suddenly.

In working out particular proposals your Committee will have to remember the Administrator and his problems and understand he must get the work done. Mr. McCarthy said that it would be no good if the Ministerial Representative wishes to send a message to the Minister if it takes a long time for a reply. I register this point—it is a sound point and we will have to ensure that it is dealt with quickly. As I said, we believe it would not happen often but when it does it must be dealt with quickly.

Dirona Abe—Yesterday the Minister in his statement said there would be two Ministerial Representatives. I would like to know which two Departments they would be representing. I understand they would represent the Departments of Education and Public Health.

I personally think that if only two Ministerial Representatives are appointed it will not be enough and people in electorates will be dissatisfied with the situation.

I understand your intention is to appoint only two Ministerial Representatives so that they may be trained in their work. I do not think this is the correct approach as the situation in the Territory is different from that in Australia and it will be necessary to appoint more than two. You have said that it would be necessary for Ministerial Representatives to spend most of their time working in Port Moresby. If so how can they visit their electorates? This could only work with the party system—send someone from the party on their behalf.

Mr. Warwick Smith—On the question of Ministerial Representatives. The idea would be to start with a small number but that does not mean that for four years that number remains. Start off and after twelve months, say, the House of Assembly might like to see more and the number could be increased; after a look[,] as the system works[,] more could be added. We would not want to be inflexible on the point.

The Minister was not saying definitely and finally there would have to be only two.

I think Mr. Stuntz yesterday said how fast would the system develop, and the Minister said there were three things:

- (i) the question of major financial responsibility;
- (ii) availability of people in the House of Assembly able and willing to do this sort of work;
- (iii) the views and the wishes of the people.

The numbers of Ministerial Representatives would increase according to those three things.

So far as the position in the electorates is concerned we and you know about this problem but it cannot be dodged if we are going to have self-government. The Ministerial Representatives would have to spend a lot of time in Port Moresby but not as much as a Minister spends here in Canberra. The House of Assembly would not meet for as long sittings as Parliament does here but the Ministerial Representative would have to do his departmental work. Most Ministers here go back to their electorates on each weekend—Ministers from W.A., a long way away, do not usually do this.

We do understand that the electorates do not know the kind of work that has to be done. They have to be told what is done by Ministerial Representatives so they understand why he cannot go around the electorate all the time.

Ministerial Representatives would have to go to other parts of the Territory as well as to his own electorate. I think Mr. McCarthy would have to get his Department of District Administration people throughout the Territory and explain that the Ministerial Representatives have to do office work in Port Moresby and so would not be able to go around electorates as well. This committee would ask the Administrator if the Department of Information and Extension Services could say this over the radio. This is a problem which only members of the House of Assembly could solve—no-one outside the House could solve it.

Mr. Tei Abal—I wish to say a few words about training Ministers in the Territory.

Should we start parties first or have ministers first?

There are in the Administrator's Council and in the House of Assembly European and illiterates and educated Papuans and New Guineans—will Europeans and illiterates be able to participate in ministerial government or not?

What if we cannot find a person suitable for the job of Ministerial Representative—is this confined to members or can we get someone from outside?

Mr. Warwick Smith—You used the phrase 'training Ministers' and Mr. Abe did so too. These Ministerial Representatives would be learning their job—but they would be making decisions also: it is not only a training job.

Under-secretaries are the ones in the learning situations, where they learn from the Administration's work. We think—but you have to think about this too, that under-secretaries should be kept on—perhaps not with the same departments as have Ministerial Representatives but they should continue—the under-secretaries would be the ones learning the work.

Mr. McCarthy said the situation has not worked well—but this is on both sides, as some under-secretaries do not, I understand, like to spend long in Port Moresby. The Committee should consider this and talk especially to official members.

On the question of parties, this is something to develop in the Territory and come up from the people. I personally don't think it is necessary to have parties in order to have Ministerial Representatives.

Members of the House of Assembly know after the first few months who are the men they can have confidence in and can trust. They might criticise him as a Ministerial Representative and say he is not looking after their electorates enough but they have to recognise that he has to look after in his job the Territory as a whole.

On the third point about who would be able to be Ministerial Representatives—anyone in the House who has the confidence of the House. We have not ourselves worked out

the best way of appointing members—a list from which the Administrator may choose, or whether the Administrator should talk to members and choose. As a Committee you should think about this and talk to the Administrator.

As for people outside the House this was discussed yesterday but in for example Health and Education departments, we do not think the House of Assembly would like it if the Ministerial Representatives were not in the House and they could³⁵ criticise him or ask him questions.

An elected member knows what the people think as he has to go around and he knows them, by election as their representative.

Mr. Guise—Are you thinking about this system of Ministerial Representatives at the moment or in 1968?

Mr. Warwick Smith—This Committee would talk about this in 1967 and this would be brought in after the 1968 elections. Yesterday we talked about electoral machinery and the Committee could think about this or it could leave it to be discussed over the next twelve months, and you could include this in your report.

The Minister did say in his statement in the House of Representatives that he was thinking of after the 1968 elections.

Mr. Guise—When we were discussing two Ministerial Representatives earlier you said there were four matters on which Ministerial Representatives would not have power.

It is essential in 1968 that the two Ministerial Representatives must have power to decide on matters of constitutional affairs as that includes political affairs, and on internal security, as that includes home affairs.

[*matter missing*]³⁶

Mr. Warwick Smith—I did answer the first point—I answered Tei by saying that anybody in the House—excluding official members but including elected members, could become Ministerial Representatives.

If there are illiterate members this would be hard for them but if the House thinks them suitable it would not be a barrier. The same goes for European members—they would not be barred. The House would choose those who have their trust.

On the question of under-secretaries I really think it needs to be examined by the House of Assembly, and the Australian Government would do what it could to help the system work better.

It is a matter for the House and the Administration to work out and it is important to make the system work because they are the people involved in the matter.

If action is required by the Minister I am sure he would do all he can to make the system more efficient.

Mr. Stuntz—The Secretary in setting out the proposal regarding the line the thing might take said that the Ministerial Representatives would be selected by the Administrator. He later said that it is desirable that they have the support of the House. I quite agree with this and it is the situation in Australia.

³⁵ It appears the word ‘not’ is missing here.

³⁶ A page from the original is missing.

As we haven't a party system in the Territory the way in which we could ensure their best support in the House would be for the House to appoint the Ministerial Representatives.

Mr. McCarthy—As I heard it the Secretary was merely suggesting that the Administrator might appoint the Ministerial Representatives.

Mr. Guise—Mr. Stuntz has made a good point. As far as I'm concerned the House must appoint the Ministerial Representatives.

Mr. Warwick Smith—There are two sides to this:

1. The Administrator could merely appoint them, or
2. The House nominates members without consulting the Administrator.

We don't think either would work but we, and I hope you, would look for arrangements for the Administrator and the House to have some say.

One way to put out a list—if four required put out a list of six or eight. This gives the Administrator room to work in and gives you some say.

In a transitional stage the Administrator should not appoint without consultation and you should not say 'These are the ones'. There should be give and take in the arrangements at this stage of development.

Mr. Watkins—This is quite a point that Mr. Stuntz has raised and the Committee should examine it in detail.

One aspect is that while the Administrator is responsible for running the Territory he should have some say in appointing the persons who are to be Ministerial Representatives in the Territory.

Mr. Warwick Smith—I think the important thing is to get an arrangement which meets the substance of what Mr. Stuntz and Mr. Guise have said and yet enables the Administrator to run the Territory and make the system work.

Mr. Tei Abal—The committee with whom the Administrator will be consulting to appoint Ministers—will they appoint Ministers or will we be able to go to the people and bring their opinion?

Mr. Warwick Smith—I don't want to come into this but I don't think it is practicable for the House to choose their nominees and then go back to the people.

I said 'appointed by the Administrator'. It may be legally that this is done, by law, with the Administrator recommending to the Minister who in turn recommends to the Governor-General in Australia, who would sign the papers. I don't want to talk about legal things, only the way in which it might work.

Yesterday we talked with Mr. Snedden about status and today Mr. Booker is here from External Affairs and could explain the U.N. trusteeship system.

Mr. Paul Lapun—This question is for Mr. Booker and was one of the items in the brief of the Committee—the point of status of Papuans and New Guineans.

Papua is an Australian Territory and its people are Australian citizens and British subjects. New Guinea is a Trust Territory and its people are Australian protected persons.

Yesterday we found out that Australia did not quite explain to us fully on this point and we would like an answer on this question.

It is a question of unity. Before, the people were one people and were not divided. If they are working to one objective in future they would need to have one citizenship. This is one of the matters that the Committee has to consider and we would like your help.

Either New Guinea becomes Australian Territory and its people Australians or Papua becomes Trusteeship Territory under United Nations and New Guineans³⁷ become Australian Protected Persons. Could you give us your views?

Mr. Booker—It might help if I describe the legal differences between the two Territories and why this is not of great practical importance.

The Territory of Papua is a colonial territory of the old-fashioned kind i.e. Australian sovereignty is complete. Australia's right to govern the Territory has no limitation.

The government of the Trust Territory is placed in Australia's hands by the U.N. but the agreement with the U.N. gives Australia complete authority over the Trust Territory.

You will remember that the Territory of New Guinea was formerly a mandated Territory under the League of Nations. Control over the Territory was given to Australia under the Peace Treaty after World War I.

At that Peace Treaty the Australian Government insisted that our control over the Territory should be complete. The then Prime Minister fought very hard at the Peace Treaty to make sure that there would be no limitation on our right to rule over New Guinea and when the mandate was given to Australia it was in such a way that there was no limitation on the way Australia could govern New Guinea. This right, this arrangement, was carried on under the Trust Agreement with the U.N. when the Agreement was signed.

You will know that Article IV of the Trust Agreement with the U.N. says that Australia can govern it as an integral part of Australia. What this means in practice is [that] as far as government of Papua and New Guinea is concerned the Australian Government has exactly the same powers. The only difference is that we have control over Papua as our own right and we have control over New Guinea because that has been given to us by the U.N.

Therefore inside the Territory it makes no difference but outside the Territory there is a difference. Outside the Territory we have to remember that we cannot change the status of a Trust Territory without getting the consent of the U.N.

I come now to something that is difficult to describe and that we ourselves found difficult to understand. This is the question of sovereignty not power—we have power in Papua and power in New Guinea but sovereignty in Papua but not sovereignty in New Guinea. I wanted to describe this as it is the reason for the difference between the Papuan as an Australian citizen and a New Guinean as an Australian protected person.

We cannot call an Australian protected person in New Guinea an Australian citizen because we have not yet been given sovereignty over New Guinea. In Papua you have an inherent right to be an Australian citizen, in New Guinea you don't have that inherent right.

Having explained that difference I would like to say that it doesn't matter. The Australian Government can give the same privileges to a Papuan as to a New Guinean or Australian protected person and can give the same penalties. When one of them goes out of the Territory into another country his status is practically the same. I heard Mr. McCarthy

³⁷ Presumably, this should read 'Papuanans'.

say the other day that you can try a Papuan for treason but not a New Guinean. I think he was wrong.

This is now true because we have the right to apply all our law to New Guinea as we do to Papua. This means that Mr. Snedden was right when the problem of difference in name can be settled only when the Trust is settled. Another reason was the two Territories are the same as³⁸ that in the Agreement with the U.N. we were given the power to combine the Trust Territory of New Guinea with Papua so there is in government, in law, in any kind of relationship of the Territory with Australia, the same basis but Mr. Lapun asked how could we change this.

Again the answer is that we could change it only with the permission of the U.N. If we try to put the Trust Territory into Papua this would be trying to make a Trust Territory into an old kind of colonial territory. The people who now run the U.N. would not now agree to this.

The other way to do it would be to put Papua into the Trust Territory. If you asked the U.N. to let us put Papua into the Trust Territory they might agree, but you would have to have a new Trusteeship Agreement and in trying to get the new Agreement you would have a lot of interference in the affairs of the Territory—France, Asia, Russia, Communists would all want to interfere in the affairs of the Territory when we wanted a new Trusteeship Agreement.

As you know the U.N. is already demanding we set up target dates for independence and do this and do that and if we ask for a new Trusteeship Agreement this would give a new opportunity for interference. So we would have a lot of trouble getting a new Agreement and a lot of interference and you would get nothing better than the present. All you would have would be that all would be Australian protected persons. I think this is all I could say. Perhaps Mr. Watkins could do better.

Mr. Stuntz—I would like to ask Mr. Booker a question in a certain extent related to Mr. Lapun's question. Is there any way in which the U.N. legally—in the Trusteeship Agreement could prohibit the Territory of New Guinea from entering into a close, permanent association with Australia forthwith?

Mr. Booker—They have a legal right to prevent at any time, they have a right to judge whether the provisions of the Trusteeship Agreement are fully met.

The essential requirement for meeting the provisions is the freely expressed will of the people. Until satisfied on this they could prevent a unit or association.

Mr. Stuntz—Is that the only or sole way?

Mr. Booker—Not the sole one but the only practicable one. The U.N. cannot impose on the people of the Territory something they do not want. They may withhold agreement but cannot impose something the people of New Guinea don't want.

Mr. Stuntz—But the U.N. can prohibit the people from doing something they do want.

Mr. Warwick Smith—The U.N. has the power to prevent the termination of the Agreement and so prevent something the people want.

Mr. Booker—This does not mean that the U.N. won't try. They talk all the time in the U.N. about what we should do or should be doing. This is why if you asked for a new Agreement you would give them an opportunity for them to interfere. While we keep to

38 Perhaps this should be read 'in'.

this Agreement they cannot interfere. If they do try to interfere you don't have to worry much about them.

Meeting adjourned at 12.50 p.m. until 3.30 p.m.

WEDNESDAY 20/4/66: 3.30 P.M.

PRESENT—MINISTER FOR TERRITORIES

Mr. Barnes—Refer to your questionnaire. Since these questions were drawn up before discussions with Government you might like to look at them again; your question 11 on citizenship³⁹—you have had a talk with Mr. Booker. Do you want to go on with that question?

Mr. Downs—I think (Mr. Guise) feels that there has not been enough time to digest what was said. Obviously we would like to look at them again in the light of what has been said.

Mr. McCarthy—If this question were put and the overwhelming opinion was that the people of New Guinea should have the same status as the people of Papua, would that influence the U.N.?

Sir Donald Cleland—Mr. Booker told you that this might mean a new Agreement.

Minister—[I] Make this comment on question 8. If you have two Houses this will be more expensive. Money would be spent on the legislature which otherwise would be available for other purposes.

Mr. Watkins—Idea of a Federal system was to bind together the two territories.

Mr. Barnes—On question 3⁴⁰—the Government has said that it would consider a period of internal self-government as necessary.

Mr. Downs—We take your statement as answering this question.

Mr. McCarthy—Does the Australian Government have suggestions for additional questions?

Mr. Barnes—No. We appear to have reached the stage where we could consider a report. Mr. Downs and Mr. Simogen brought up yesterday that they would like a close association with Australia.

Mr. Downs—We were asking you for your views.

Mr. Barnes—I thought we might bring up the consideration of development in this direction in the statement.

Mr. Downs—My personal feeling about what has been said is that a statement could be prepared where both sides would be happy. We could have a group to crystallize this. A lot has come out of the discussions—the report could be satisfactory to all of us.

Mr. Barnes—I agree that a report is important. I hope we can have one which satisfies both parties. Suggest a small group to draft the report.

Would like the statement in House to-morrow night. Suggest following headings—

- long term possibilities separate status
- movement to self-government

³⁹ See Document 21.

⁴⁰ That is, question three of Document 22.

- Ministerial Representatives
- Administrator's Council
- under-secretaries
- pace of change—relation to economic progress
- availability of people to serve
- views of people
- timetable for next changes
- need for confidence—the rule of law
- migration

The meeting then agreed to following sub-committee drafting a report of the discussions:

Messrs. Guise, Watkins, Stuntz, Lapun, Swift and Ballard.⁴¹

[NLA: MS 8254, box 8, folder 1]⁴²

⁴¹ According to Downs, the report or “joint statement” was included and lost amongst Barnes’ personal additions in his statement to the House of Representatives on 21 April’ (for Barnes’ speech, see *Commonwealth parliamentary debates* (Reps), vol. 51, 1966, pp. 1087–9). Downs seems to suggest that Barnes’ changes—made ‘Without further consultation with the committee’—outlined the privately expressed views of the Government in such detail that members of the Committee became convinced that the Government might not balk at actively resisting their findings: ‘the non-official members of the committee studied Barnes’ speech in total disbelief. They realised that the Select Committee might now have difficulty having their final report adopted by the House of Assembly if official members were instructed to oppose sections of their report’ (*The Australian Trusteeship*, pp. 376–7). Downs also asserts that the discussions in Canberra represented a watershed for indigenous members of the Committee: ‘After McMahon’s explanation, almost everything seemed changed. In less than two hours, the racial division had become an unbridgeable gap and prospects for a federal partnership were dead ... When the delegates returned home, they would privately spread the message that they had been “rejected” by Australia’ (*ibid.*, p. 375).

⁴² A handwritten annotation on file indicates that this material was taken from NAA: A452, 1966/2760. However, the original papers are missing from the NAA file.

39 NOTES ON STATEMENT BY BARNES¹

Canberra, 18 April 1966

CONFIDENTIAL

Exploratory talks—constitutional development in Papua and New Guinea

[matter omitted]

I am very glad to welcome you to this parliamentary building and to Canberra for our talks on constitutional development.

The talks we both understand are quite informal and purely exploratory. This means that there will not be any record kept of the talks. They will be in private so that we can all talk quite frankly and freely. The purpose of the talks is that we should each try to understand what the other is thinking. We want to know what you as elected representatives of the Territory people are thinking and you want to know what we as the Australian Government think.

The Government welcomes these talks because constitutional changes are important and serious matters. Constitutional development of the Territory can only go ahead on a sound footing if the people have an understanding and changes are to be made only if there is the clear support of the people. I think we all agree on this because constitutional changes can affect not only the future lives of the present people of the Territory but also the lives of their sons and grandsons and affect them in very important ways.

Where constitutional development of the Territory affects Australia directly or indirectly the Government here will also have to take full account of the views of the Australian people. So the most careful enquiry and thought is necessary before constitutional changes can be made. You will recollect that when I met you in Port Moresby in January we discussed matters concerning the future possible relationship of the Territory with Australia and you as a committee suggested to me that you wanted to know the Australian Government's thinking before you went out to have discussions with the people².

I suggested in those talks that the important thing in constitutional development at this stage was to aim at full internal self-government. You emphasised, however, that as a committee you wanted to know which roads were open to the Territory to travel so far as the long-term political future was concerned.

Following our talk in Port Moresby I have had discussions with my Cabinet colleagues³ and in the course of our talks this week I will be explaining to you how the Government sees the position so far as it is concerned. My Ministerial colleagues will be glad to discuss particular aspects with you as opportunity offers.

You have been thinking about what the long-term constitutional future of Papua and New Guinea will be so that you can know now what path or what direction should be followed in the meantime. You made it clear to me in our talks in Port Moresby that in talking about what the future position might be you were not suggesting that the rate of development

1 For context, see second paragraph, Document 38.

2 See Document 3.

3 See Document 34.

should be hastened or accelerated. You said that a long time would be needed to get to the stage of internal self-government.

You said that you needed to know what the long-term possibilities were in order to be able to talk to the people about what their wishes might be.

This is one way of approaching the matter—i.e., to try to decide now what the ultimate goal is and shape the developments in the meantime towards that goal.

Another way is to go step by step. To decide each step, i.e., to decide what you will do next, when you know what the actual circumstances are at that stage.

There may seem to be advantages in having a long-term goal to work towards. There are also disadvantages in this approach. It is impossible to say today when the Territory will actually decide what its final political status will be. We don't know when this will happen. It is impossible to say today what the situation will be at that time—the situation inside the Territory, the situation in Australia or the international situation.

Examples—

- Vast constitutional changes have taken place particularly in African countries in the past 15 years. Even in the last 12 months in Ghana and Nigeria we have seen still further sudden changes.
- No one would have predicted even a few years beforehand that by 1964 the Territory would have a House of Assembly elected on a Territory wide basis.
- Who can say how fast the Territory will develop economically? Who can say how fast education will be spread? But these are basic to political development.

If we adopt a long-term constitutional goal based on what we think at this time will be suitable at some unknown time ahead we may find we have followed the wrong road—that we have followed a different road from the one we think best when that time in the future actually arrives. We are not so likely to make a mistake if each step is decided on at the actual time it is taken when you know the conditions that actually exist at that time.

These are the kinds of things which the Government has had in mind and which have guided it in thinking about the political future of the Territory.

I think it will help if I say now certain definite things about the Government's views:—

- (a) The Government's broad policy towards the Territory is self-determination.
- (b) It is the Territory's prerogative on its own decision and at its own time to regulate its constitutional progress.
- (c) Accordingly it is the Territory's prerogative if it wishes to do so to terminate its present Territory status and take independent status.
- (d) If in due time it is decided that what is wanted is a continued form of association with Australia this will of course require the agreement of the Australian Government of the day.
- (e) The eventual arrangements about the political status of the Territory will depend on the views of the Territory people at the relevant time (as distinct from whatever views may be held at the present time) and also to the extent that Australia is affected, on the views of the Australian Government of the day. That future time however seems likely to be at some stage following after the achievement of full internal self-government.

(f) There are a number of steps to be taken before full internal self-government is arrived at. These steps and the timing of them also will depend upon the views of the people of the Territory.

(g) The Government stands ready to discuss what the next step might be or what interim changes might be made if the Territory people desire change.

(h) As far as the long-term goal is concerned however and to the extent that decisions by Australia will be required, the Government has concluded that the step by step approach should be followed. It has concluded that any decisions about what long-term future forms of association would be acceptable to Australia should not be made now. They should be made at the appropriate time in the future by the Government of the day in the light of the circumstances actually existing at that future time.

There is another matter which you raised with me in our talks in January. This is the question of the different status of the two Territories. It may be helpful if I say now that the Government does not see the difference in status of Papua and of New Guinea as leading to a preferred position for Papuans as against New Guineans in respect of relationships with Australia. In terms of treatment by Australia after self-determination, as the Government sees it New Guineans would be treated no less favourably than Papuans. In the Government's view the present difference in status should not be regarded as a factor having practical significance for the purpose of the enquiries by the Select Committee.

These are the Government's views in relation to the general question of constitutional development in the Territory. I am setting them out frankly and clearly so that our talks can go forward with an understanding of the Government's basic position.

Australia has not changed her attitude towards the Territory. Everywhere I have been in Papua and New Guinea people have told me that they are not ready for self-government and that they want partnership with Australia for many years.

There is plainly a lot of good sense in the view that there should be no rush towards independence or deciding the political future until the Territory has got a lot further forward economically and until the people are able, through the spread of education, to understand better the issues that are involved.

Until these things are achieved, Australia will be willing to see the Territory continue in its present relationship with Australia as a Territory and this would not shut out progressive steps towards full internal self-government in the Territory {if the people want it that way}.

It can be taken that Australia will assist towards financial independence by progressively giving the Territory more financial autonomy as its capacity to contribute to its own revenues increases; and that Australia will wish to put more and more of the Administration of the Territory in Territory hands by developing the Territory Public Service {and} to enlarge progressively the degree of self-government.

These are general considerations affecting the future. The Government, however, has concluded that as regards the long-term political future of the Territory insofar as Australia is concerned the decisions will need to be made in the future at the relevant time by the Australian Government of the day in the light of circumstances as they actually exist at that time.

In the statement I made in the House of Representatives recently⁴ I said that the Government did not want to press constitutional changes on the people of the Territory which they did not want or for which they thought they were not ready. I also said that the Government would not refuse to make changes if there was strong and widespread support for change in the Territory. I made it clear that this is the Government's attitude to the possibility of changes in the House of Assembly as well as the possibility of changes in the executive.

I particularly want to draw your attention to the time table if it is desired to make any changes in the composition of the House of Assembly. I think you have already recognised that the steps that will need to be taken if changes are to be made in time for the 1968 elections will require very close attention to the time table.

All these questions including for example the possibility of setting-up a system of Ministerial representatives and changing the functions of the Administrator's Council can be discussed in detail later on.

I think we would all recognise that in these interim stages of political development there needs to be give and take as between the elected representatives of the Territory people and the Government. The Government takes full account of the views expressed by the Territory's elected representatives and would do so in relation to Ministerial representatives. In reverse it needs to be accepted that on some matters which are important to the Government, the Government's views in these interim stages must prevail.

We want to keep as fully aware as we can of the thinking of the people of the Territory and of the elected members. We think that effective constitutional development is bound up with economic and administrative capacity. To get to the stage of {full internal} self-government, which we look upon as the first target, is in itself a very big job having regard to the situation in the Territory.

We have seen the results from other countries where there was rapid political development before people were educated and the resources of those countries were adequately developed. Development needs to be for the benefit of all the people and not mean only better incomes for a few.

Higher incomes will not come until we are able to sell timber, grow tea, palm nut oil, produce minerals as well as more cocoa, coffee and copra. To do this we must attract private investment to Papua and New Guinea just as we have done in Australia.

Many overseas investors have come to Australia and have helped us develop our country. They say they come to Australia because unlike many other countries in the world, we have a stable government in which they have confidence that their investments will not be taken from them.

This is why we must have your co-operation to encourage people to bring their money to Papua and New Guinea. Otherwise we will be wasting our efforts trying to help you.

There is need for your co-operation in matters like land tenure and the development of mineral and forestry resources. Government policy looks to private investment in agriculture, timber, minerals and local manufacture to help raise the living standards of the people of Papua and New Guinea.

Government expenditure in the main provides a climate of opportunity for this investment by such means as—

⁴ See footnote 2, Document 34.

- (a) Communications: roads, wharves, posts and telegraphs, airstrips and control.
- (b) Administration: health, policy, labour relations.
- (c) Research: experimental stations for the purpose of species of higher production or disease resistance. Methods of pest control. Marketing methods.
- (d) Education: extension services, general, technical, apprentice training, tertiary education.

Economic progress through private investment will rely on the mutual confidence of both expatriate and local people that each is sharing fairly in prosperity which arises from the development of the country's latent and unused natural resources.

Through this economic progress the country will gradually move towards financial self-dependence. These are the lines of development recommended in the World Bank Mission Report.

I know you will understand that nothing in what I am saying now takes away from what I said a few minutes ago—that it is the Territory's prerogative on its own decision and at its own time to regulate its constitutional progress.

If the Territory people wish it, Australia desires, as I have said, to help the Territory's development. In giving this help it must have co-operation from the Territory's representatives in helping to build up confidence and in measures to strengthen economic development of the whole Territory.

I think from what the people of the Territory have said to me that they are anxious to continue to have Australia's help. Most of the money spent by the Government in Papua and New Guinea comes from Australia and is provided by the Australian taxpayer. The Australian Government must maintain certain authority in the Territory if it is to carry out its responsibilities. I think this is recognised. However, as progress is made towards economic self-dependence and towards full internal self-government, then, on the lines I have sketched out, more and more of responsibility for administration of the Territory will pass to elected representatives and to the Territory people.

I have taken some time to show you the Government's thinking in a broad way so that when we get on to more particular questions you will be able to understand more fully the Government's view. In the same way if you as Committee Members would care to say anything on general lines that would indicate your thinking about these matters that would help us to understand your thoughts.

[NAA: A1838, 936/5 part 4]

40 MEMORANDUM, ADMINISTRATION (CLELAND) TO DOT

Port Moresby, 3 May 1966

SECRET

Monthly Intelligence Summary 3/66—student and public service discontent

Reference your Secret memorandum of April 7th¹ and my interim reply S.24-4 of April 15th, 1966.² Comments have now been received from all Departments consulted. Copies of the comments submitted by the Public Service Commissioner,³ the Commissioner of Police⁴ and the Acting Secretary for Labour⁵ are attached.⁶ These comments, together with those received from other Departments have been collated hereunder.

2. The consensus of opinion of departmental heads who have been reviewing indigenous attitudes to local Public Service salaries and conditions of service is in general agreement with the Intelligence Summary assessment that the level of unrest is serious. The Departments of District Administration, Police, Labour, Information and Extension Services, Education, and the Principal of the Administrative College have expressed the view that further undue delay in arbitration proceedings and/or a determination which is unsatisfactory to local officers and students may well be followed by overt expressions of dissatisfaction involving incidents of public disorder, particularly in the urban areas. It is considered that the degree to which these threats to internal security may be averted or contained could largely depend on the extent to which the indigenous Police may be expected to remain reliable. It will be borne in mind that during recent months expressions of dissatisfaction by the Police Force with their conditions of service led to investigations by a specially established Committee whose findings and recommendations are currently being studied. It should be noted that the comments of the Public Service Commissioner are at variance with those expressed by the other Departments.

3. The principal causes adduced by the Departments for prevailing local officer and student dissatisfaction may be summarised as follows:—

(a) Alleged promises by previous Ministers, widely promulgated through various Administration channels, that attainment of appropriate qualifications and comparable skills would result in the enjoyment of rates of pay approximating to those of expatriates.

1 It referred to the MIS for March (Document 35) and noted that the assessment concerning unrest among students and members of the public service had been brought urgently to the attention of Barnes. The Minister had been informed that the Administrator's views had been sought on the assessment and on proposals for action to counter student attitudes and activities. Warwick Smith continued: 'It would be helpful to know whether any thought has been given to action to secure a better understanding of the wage situation and the need for wages to be limited, not only by student groups but by the community generally. In particular it is desired to make a comment to the Minister on any action by the Department of Information and Extension Services in this direction' (NAA: A452, 1966/842).

2 Not printed.

3 G.D.S. Somers.

4 R.R. Cole.

5 Unidentified.

6 Not printed.

- (b) Unfulfilled expectations of equality or near-equality with European standards of living resulting from propaganda which was widely disseminated in the immediate post-war years.
 - (c) What is interpreted to be the arbitrary introduction of unjustifiably low rates of pay for local officers on the excuse of the limited capacity of the Territory's economy, this after promises and expectations under (a) and (b).
 - (d) Inadequate preparatory and softening-up propaganda regarding local officer pay rates.
 - (e) Inadequate advance publicity on the necessity for low local rates.
 - (f) Wide differentials between the 'all-up' pay of local and overseas officers for the same work and responsibility.
 - (g) The pegging of 'all-up' pay of former Administration Servants in such a way that any advancement in position would not be accompanied by a commensurate rise in pay but would be absorbed by the 'non-reduction allowance'.⁷
 - (h) The removal of incentives to advancement and acceptance of higher responsibility by operation of the pegging of 'all-up' pay in respect of former Administration Servants.
 - (i) Unsatisfactory housing and conditions existing in many centres.
 - (j) Subsidization of expatriate rental for superior types of housing; non-subsidization of rental for local officers and much inferior housing standards.
 - (k) Misunderstanding and/or non-acceptance of the local wages, conditions and differentials.
 - (l) Sensationalism of Press and A.B.C.⁸ reportage regarding student unrest and riots in other countries.
 - (m) Success of localised Public Service and private enterprise strikes and stop work meetings which did not generally produce the disciplinary action expected or half-expected.
 - (n) Ill-advised promptings of local officers and students by some overseas officers (no definitive information on this aspect is yet available).
4. The present situation is that many local public servants and students are dissatisfied with present pay rates and conditions of service, resentful of the Administration's method of introducing the new scales, and not convinced by Territory economy arguments. At present they are not resigned to accept the wide differentials between pay and conditions of overseas and local officers. The industrial relations picture in urban areas is believed to be delicately balanced pending the outcome of arbitration proceedings. There are indications that some of the dissatisfaction has filtered down to rural areas. Private enterprise workers are believed to be in sympathy with Administration employees and may take their cues

⁷ A reference to the principle of non-reduction, whereby the government paid allowances to public servants whose former cash and kind emoluments were greater than their entitlements after changes to the wage structure. The allowances were reduced commensurate with promotional pay rises, which meant that promotion was often unaccompanied by rises in take-home pay. Moreover, those employed after the introduction of structural changes were not eligible for such allowances (see, for example, Document 65 and press statements by Cleland (31 August 1964) and Somers (9 September 1964), NAA: A452, 1965/6640).

⁸ Australian Broadcasting Commission.

from the outcome of the arbitral proceedings. It appears to be widely believed that the arbitration proceedings will result in 100% pay rises. Even should pay rises be granted, much or all of these may well be—at least in the case of many previous Administration Servants—absorbed by existing non-reduction allowances. If, as seems probable in many cases, the final result of arbitration is not to increase the amount received each pay day it is believed that the resulting disappointment will aggravate misunderstanding and mistrust of the Administration's intentions.

5. Apart from a number of incidents at the Teachers' College in 1965 the Public Service Commissioner has no knowledge of unrest amongst the younger indigenous public servants, on a serious scale, and suggests the need for firm and decisive action to bring the local officers and students concerned to a realization of their responsibilities. He considers that non-compliance should be countered by application of the disciplinary provisions of the Public Service Ordinance. He is in agreement with departmental heads that further publicity at this stage would not be of particular advantage, but recommends at a future appropriate time the application of propaganda by radio and press concurrently with the Administration's case being placed before the Arbitrator⁹ ...

6. It is unfortunate that the present arbitral proceedings will be further delayed by the incapacitation of the Arbitrator¹⁰ at a time when the impatience of local officers is believed to be steadily mounting. The general inter-departmental view is that there is an urgent need for action which the local sector of the Public Service can see is directed to the alleviation of the basis of their complaints. Emphasis has been placed on the need for sympathetic understanding. It is believed that the application of disciplinary provisions of the Public Service Ordinance at this stage might well have undesirable industrial effects. The consensus of departmental viewpoints is opposed to attempting to single out at present any malcontent leaders who may emerge unless we are prepared to accept the possible consequences of overt industrial action. It should be noted that the Public Service Commissioner, in opposition to other departmental viewpoints, advocates strong disciplinary action as or when required.

7. The consensus of departmental opinions is that the present emotional climate leaves little scope for convincing the bulk of local officers of the justice of the Administration's case and the integrity of the Government's intentions. The general view is that further propaganda and promises at this stage would be futile and could be dangerous. Fears have been expressed by Departments that the current arbitral proceedings may not succeed in alleviating the present distrust and unrest. It is also believed that the consequences flowing from the Arbitrator's decisions may largely determine the future political attitudes of the more advanced local officers.

[NAA: A452, 1965/6640]

⁹ L.G. Matthews.

¹⁰ MIS no. 4/66, dated 6 May, noted that Matthews 'was recently injured in a motor accident in Australia and the enquiry, which was due to recommence in late April in RABAUL, will now be postponed for at least another six weeks' (NAA: A452, 1966/842).

41 LIC NOTE NO. 3/66

Port Moresby, 10 May 1966

SECRET

The Public Service (Papua and New Guinea) Ordinance 1963: the reaction relating thereto**I. AIM**

1. The aim of this paper is to assess those events and reactions which have resulted from the introduction of the Public Service (Papua and New Guinea) Ordinance 1963 and to assess future possible developments. The paper is not directed to determining the correctness of the legislation.

II. INTRODUCTION

2. Any discussions of the problems resulting from the salary differential question must take place in the perspective of the prevailing situation existing in the Territory. Expectations of some degree of national independence, a developing political and social consciousness, together with the increasingly significant role being played by Local (indigenous) Officers are the more important features of this situation. As can be expected, the atmosphere in such a situation is extremely emotional, and incidents which would normally be of little importance or significance can assume unreal proportions.

3. Since the introduction of the Public Service (Papua and New Guinea) Ordinance 1963 on September 10th, 1964, there have been frequent expressions of bitterness and discontent at the salary structure and conditions set down by the legislation, made by Local Officers of the Public Service and by the indigenous students.

4. Under the previous Public Service Legislation, the Public Service (Papua and New Guinea) Ordinance 1949, qualified Local Officers and graduate students were paid at the standard rates received by their Overseas (European) counterparts occupying identical positions. On the introduction of the 1963 Ordinance, their standard salaries, regardless of qualifications held, were reduced to 35% to 40% of those received by Overseas Officers carrying out identical duties.

5. Many Local Officers have expressed the opinion that, in paying them lower salaries, the Australian Government considers them to be second-class citizens capable only of low levels of ability and attainment. This has resulted in emotionally confused interpretations of the facts presented by Government to justify the salary differential. The issue now savours of racial discrimination, not only in the eyes of Local Officers but also in the opinion of some Overseas Officers.

6. In this atmosphere, the growth of racial prejudice and tension has been accelerated, and there exists the possibility of future racial conflict. These changed circumstances are claimed, by the Local Officers and students, to have been engendered by the salary differential.

7. The rapport which previously existed between Overseas and Local Officers has seriously deteriorated. Local Officers now appear to be reluctant to discuss their anxieties and problems without rancour, and some have openly expressed their distrust of Europeans and cite the salary differential as evidence to warrant this distrust.

8. Such developments provide grounds for concern in the Territory's multi-racial society and constitute a threat to internal security. It is believed that the riotous activities of student movements in many under-developed countries, particularly those in Indonesia and South Vietnam, will demonstrate to local students the value of such action. This type of activity is not beyond the capabilities of local students.

9. The reaction is such that the Administration's claim to rationalisation of the salary differential vis-a-vis the Territory economy has achieved nothing in justification of the differential itself or in dissipation of the damage to the self-respect and national pride of the Local Officers who feel that the Australian Government and the Administration do not think they are worthy of salary equality with Overseas Officers. This is especially true of those Local Officers who have read of or have seen the wealth and prosperity of Australia.

10. There are indications that Local Officers would have accepted a salary differential had they not been led to expect parity with Overseas Officers, e.g. the salaries provided for by the previous Public Service Ordinance. This parity has been propounded in Ministerial statement.

11. The attitude of Australian officers varies in relation to the question of salary differential; this variance of opinion creates doubts in the minds of Local Officers, placing the goodwill of Australia in doubt and raising suspicions of Australian intentions towards the Territory.

III. REACTION TO THE ORDINANCE

12. Because of the sociological structure of the indigenous society, almost all of those persons who will be intimately associated with the future development of the Territory are affected by the Ordinance. The reaction of these persons is of the utmost importance, as their attitude will determine the course of transitional development to independence, and also their future relationship with Australia.

(a) *Students:*

(i) Greatly affected by the legislation are indigenous students in institutions of higher learning, both in the Territory and overseas. The new salary range appears to them to remove any hope of achieving an expected relatively high standard of living; precludes a more equitable social relationship with Europeans; and removes the opportunity for advancement to the same status as Overseas Officers. At the Port Moresby Teachers' Training College, the Principal has stated that there has been a cooling relationship between students and lecturers following the salary revision. It is the opinion of certain Territory educationalists that as a result of the introduction of this salary differential a good deal of goodwill towards Australia has been lost and a strained relationship now exists.

(ii) The first overt reaction to the introduction of the Ordinance was on the day it became effective. Approximately 130 students from the Port Moresby Teachers' Training College marched to the office of the Public Service Commissioner at Konedobu, where they made known their objections to the new salary scales.

(iii) The demonstration was noteworthy for the orderly manner in which it was carried out and for the mildness of the expressions of dissatisfaction used by the delegates. The rally received no overt support from the general body of Local Officers.

(iv) From the outset the salary re-organisation assumed an emotional aspect at the expense of an objective analysis of its causes and its justifications. The reaction of students to the salary issue has now deepened to the degree where they are actively planning overt and direct action against the Government in the event of their demands for increased salaries not being met. Reports of student meetings reveal that in educational establishments in PORT MORESBY, student action committees are being set up to consider means of implementing anti-Government demonstrations, walk-outs, strikes, picketing and protest marches.

(b) *Local Officers:*

(i) Opinion among many Local Officers is that in paying them lower salaries the Australian Government considers them to be second-class citizens. They hope that the result of the present Arbitration proceedings will be considerable increases in their salaries. They expect that any increase in salary automatically means extra money in the hand each pay day. However, considerable numbers of officers receiving portion of their salary by way of non-reduction allowance¹ may have any Arbitration increase absorbed by that allowance even though in some cases the amount of the increase is considerable. Thus, their expectations of cash in the hand may well prove fruitless.

(ii) Indigenous members of the Public Service are becoming increasingly restive over what they consider to be undue delays in the Arbitration hearings enquiring into Public Service salary rates. Some indigenous officers are overtly advocating direct action and others have stated that the inquiry is being deliberately prolonged because the Administration does not desire to see any increase in indigenous salary rates.

(c) *Public Service Association:*

(i) The Public Service Association of Papua and New Guinea is made up of some 3,000 European and approximately the same number of Local Members. The present Executive Committee is multi-racial in composition and has indicated its attitude towards the pay rates by institution of procedures before the Public Service Arbitrator.

(d) *Overseas Officers:*

(i) Following the introduction of the Ordinance grave doubts as to the outcome of the lower salary scales offered to Local Officers were voiced by experienced senior Overseas Officers of the Administration. Later, when the situation as postulated by them had developed to its present serious proportions, the same Officers expressed the view that even though Arbitration should result in substantial increases in salaries, Australia would never regain the same measure of trust and respect from the majority of indigenous Public Servants.

(ii) At their annual conference in PORT MORESBY in August, 1964, the District Commissioners were given a preview of the 1963 Public Service Ordinance. Arising from their study of this legislation, a resolution, part of which is quoted below, was passed unanimously—

‘The Conference feels impelled to express grave apprehension regarding the social, political and other implications contained therein. Although many of the present indigenous officers will at least overtly accept the much lower salary

¹ See footnote 7, Document 40.

paid them, this acceptance will soon disappear, especially among the more highly educated officers.

The Conference recommends that the minimum entry salaries of graduates and similarly qualified Local Officers be raised so that students will have adequate incentive to study and remain after graduation in the Territory.'

IV. SOCIAL PROBLEMS

13. The ramifications of the Ordinance are so extensive that they involve almost every aspect of the Local Officer's life. Of major concern to these Officers are the social problems which are associated with the legislation. A number of these Officers consider that they are providing, and will increasingly do so, the administrative and political leadership of the country. One of the expected rewards for their higher abilities and attainments is the social status which they believe accompanies an official position, believing that this status is equated with a high salary.

14. Whilst the salary differential is designed to cater for the economy of the future, many Local Officers consider that its immediate social effects are to destroy the necessary status which they believe future administrative officials will require if they are to successfully discharge their role in an emerging country. Many of them feel that once such privileges are removed, difficulty will be experienced in regaining them later in an orderly and regulated manner.

(a) *The struggle for equality:*

(i) Many indigenes, particularly those employed by the Administration, have always aspired to a comparable status with Overseas Officers. The status symbols of these officers are, to indigenes, the more obvious indicators of achievement. They believed the attainment of such status symbols was possible until the introduction of the new Ordinance.

(ii) One reaction, typical of many, is the observation by an influential native leader on the inability of the better educated indigenes to take their place on equal terms with Europeans because of the salary differential. This Officer, one of the first two indigenes to join the Port Moresby Junior Chamber of Commerce, claimed he could not continue his membership because, as he stated—

'I could not meet the expenses. I left without telling them why.'

He has also said that the wages differential has made New Guinea into a 'White Man's Paradise' and he warned that differences, such as those of salaries, 'could lead to racial violence of black against white. Australia's policy of peacefully handing over Government may not be fulfilled. The dissatisfied, discontented elite minority of present New Guinea youths could well be fertile ground for the implantation of Communist propaganda.'

(iii) There are indications that not all Papuans and New Guineans wish to emulate the Australian way of life. Many prefer to eat different food and organise their homes differently; they have wider family responsibilities. The feelings of certain officers on this point are exemplified by the remarks of (1) an influential indigenous lecturer

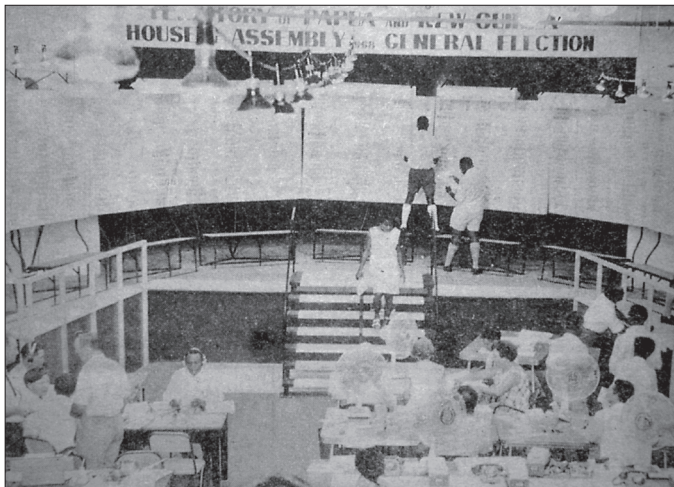
...²

² Ellipses in this document are in the original.



The United Nations visiting mission to PNG, 1968. From left, Paul Gaschignard (France), W.P. Allen (United States), J.M. McEwen (New Zealand) and Fahnwulu Caine (Liberia). Australia was obliged to host periodic visiting missions organised by the Trusteeship Council—and, within limits, it was happy to do so—but it resisted the intrusion of more radical elements of the United Nations such as the Committee of Twenty-four.

[SOUTH PACIFIC POST]



Counting for the PNG general elections, March 1968. The elections precipitated the rise of the Pangu Pati, which called for early 'home rule', and of a conservative 'independent group' for which such talk was abhorrent. As Hay wrote: 'to many conservative Highlanders, and to some coastal Members as well, the words "home rule", "self-government" or "independence" are anathema and, consequently, so is "Pangu".'

[SOUTH PACIFIC POST]



MHA Anthony Voutas, who was elected in 1966 and later became an influential founding member of Michael Somare's Pangu Pati.

[SOUTH PACIFIC POST]



John Guise, the first indigenous Speaker of the House of Assembly. Guise was accused of bias toward Pangu and of organising sittings around his own schedule, though Hay wrote that the 'Speaker does not lack dignity and all things considered he carries out his duties as efficiently as the previous speaker'.

[SOUTH PACIFIC POST]



The opening of the second House of Assembly by Governor-General, Lord Casey, June 1968. Barnes is seated to Casey's left. Many Papuan and New Guinean members were confused by Westminster procedures but Hay was more concerned by political problems—by what he saw as authoritarian attitudes in Canberra and their corollary: the lack of a sense of policy ownership in the House.

[SOUTH PACIFIC POST]



The inauguration of a quasi-ministerial system, June 1968: David Hay swearing in Kaibelt Diria as Assistant Ministerial Member for Local Government; behind him are Tei Abal, Ministerial Member for Agriculture, Stock and Fisheries, and O.I. Ashton, Ministerial Member for Public Works. Hay regarded the collective advice of ministerial representatives as valuable, but Warwick Smith thought it was susceptible to manipulation by Administration officials.

[SOUTH PACIFIC POST]

Frank Henderson addressing the House of Assembly. Henderson was heavily involved in the implementation of the ambitious economic development program begun in 1968. The program was unpopular in many parts of PNG because it targeted the productive districts and sectors of the economy.

[PAPUA – NEW GUINEA POST-COURIER]

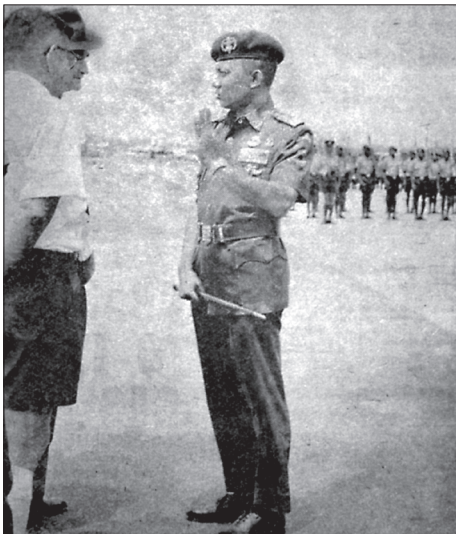


Minister for the Army (and later Minister for Defence), Malcolm Fraser. Fraser and Barnes engaged in a long-run feud over the size of the PIR. Barnes resisted plans to expand the force, believing the threat from Indonesia was diminishing and that a large army might later menace civilian government in PNG.

[SOUTH PACIFIC POST]

Port Moresby, 1967: a West Papuan demonstrator thrusts a note into the hand of visiting Indonesian Ambassador, Major-General R.A. Kosasih. The Australian Government tried to stop political activities by resident West Papuan refugees while encouraging Indonesia play the refugee question in low key.

[SOUTH PACIFIC POST]



The military commander of West Irian, Brigadier-General Sarwo Edhie, being greeted on his arrival in Port Moresby, December 1968. The visit was intended to assist understanding of Australia's position on border control and on PNG-Irian questions generally. Edhie had 'hoped to discuss ways and means of stopping rebels from fleeing from West Irian into the eastern part of the island' but this was denied—a position supported in Djakarta; the 'domestic (and international) delicacy of this matter', wrote External Affairs, 'is well understood by General Soeharto and Foreign Minister Malik'.

[SOUTH PACIFIC POST]



The West Papuan flag flying at a refugee camp in Indonesian territory opposite Wutung, PNG, 1968. During a raid on the camp in April 1969, Indonesian forces crossed the border and fired on unarmed Territory officials. Barnes was outraged, demanding a 'stiff formal protest' but he was stymied by External Affairs which felt that authorities in Djakarta would take 'appropriate action' and would see a protest as 'a setback to their efforts to restore relations of confidence among their neighbours and their international good standing'.

[SOUTH PACIFIC POST]

‘Most educated Papuans and New Guineans, like educated Australians, want a multi-racial society in this country. Most of us are ashamed to invite Australians to our homes and we feel that we should at least be able to afford a reasonable home, furnished in an Australian or local way so that we could invite our Australian friends’,

and (2) the Editor of the Primary ‘T’ School Teachers’ Bulletin ...

‘It is very upsetting to Local Officers who have senior positions to walk home or queue up for irregular bus services, while base grade European clerks get into their cars and drive to their Clubs, which we are not able to attend and in which we could not afford to buy our friends a drink anyway. I am not bitter about this, but I do know some of my fellow Local Officers are becoming bitter and think all their hard work is a waste of time.’

(b) *Necessity of financial resources:*

(i) It has already been mentioned that the professional and trained indigenes are the people that the Territory will depend upon for leadership in future political, social and cultural life. Consequently, Public Service stability in the future may well depend to a large degree on whether or not leaders have the necessary personal financial resources to carry out, inter alia, their social responsibilities of leadership. In many instances, professional Local Officers feel frustrated because they consider they have the capacity to enter new roles, but do not have the financial resources to do so.

(ii) By the environment provided in training institutions, the Administration is encouraging young people to aspire to higher standards of living and acceptance of European type social responsibility in addition to their own. A hazard arising out of lack of financial resources could be the appearance of corruption in the Public Service although there is no significant evidence of this at present. In this regard, the Council of Social Services states:

‘Their (Local Officers) salaries on graduation do not enable them to live up to the standards to which they have been trained or to fulfill their social responsibilities. There is a grave risk of corruption and it is inevitable in a seriously underpaid service. A general lack of integrity in the Public Service, apart from anything else, would either bring the machinery of Government into disrepute or cause graft and corruption to be regarded throughout the whole community as a normal and not improper incidence (sic) of life’.

(c) *Effect on race relations:*

In recent years racial tension has been perceptively³ increasing. Whilst this trend is not due to any one common factor, continual frustration over the salary differential could well prove the focal point of serious aggravation of the overall problem. In this respect, a prominent leader’s remarks on racial relations as affected by the salary differential are relevant. He said that Australia—

‘... is losing much of the gratitude it has earned by its health and education policies so fast that instead of our two countries being close friends, movements will arise in Papua and New Guinea which will probably take us closer to the underdeveloped, and often unstable, countries of Asia and make us anti-white’.

3 Apparently, this should read ‘perceptibly’.

V. CONCLUSIONS AND ASSESSMENT

15. We believe that:

- (a) the reaction of Local Officers to the salary differential problem has attained serious proportions and there are indications that the situation will further deteriorate.
- (b) coupled with what may have been inadequate preparation for the acceptance by those concerned of the salary revision, the differential has resulted in a wide-spread attitude among Local Officers that they are not in the eyes of their employer equal in ability to their Overseas colleagues.
- (c) damaged self-respect and disillusionment have impaired the ability of the more enlightened Local Officers to study the salary differential problem objectively.
- (d) the issue has now assumed an unfavourable racial connotation which may be extremely difficult to eradicate.
- (e) Local Officers and students have not accepted the explanations put forward by the Administration.
- (f) a high degree of emotion has been engendered and rationalisation is not effective.
- (g) the attitude of Local Officers to the salary structure has hardened since its introduction and is exemplified by the developing pattern of student reaction.

16. We further believe that:

- (a) far more important and potentially dangerous elements are the tertiary students' organisations.
- (b) because of the lack of disciplinary provisions relating to their attendance at the colleges, they are more likely to be militant in their approach.
- (c) they are considering militant, overt demonstrations in the event of their financial expectations not being met.

17. We finally believe that:—

the state of unrest among students and Local Public Servants could lead to incidents of civil disorder and that these could well assume major proportions. The degree to which these would constitute a major or minor threat to the internal security of the Territory may well depend on the reliance which can be placed on the Police and Army, both of whom are disaffected to some extent over pay and conditions.

[NAA: A452, 1966/842]

42 SUBMISSION, WARWICK SMITH TO BARNES

Canberra, undated

Papua/New Guinea police force

The Administration have advised me that the Police Executive Association met and subsequently told the Police Commissioner that they considered that unrest in regard to wages and conditions was getting out of hand, and that a situation worse than anything previously experienced could result.

2. The Administration advised yesterday that a Territory-wide police strike is expected on 27th May in the absence of action.¹
3. With your approval the Administrator was authorised on 11/5/66 to make a statement on 16th May embracing the following:
 - (a) improved accommodation buildings—provided Administration was satisfied that level of action proposed and terms of the announcement would not result in unmanageable repercussions from officers other than police.
 - (b) an in principle statement on payment of a full cash wage (without stating levels or date of commencement).
 - (c) the principle that location[,], uniform[,], station-in-charge and camping allowances would be paid (provided that location and camping allowances would be comparable with local public service rates and that submissions be made in normal way on rates for uniform and station-in-charge allowances).
 - (d) twenty-four recommendations of the Police Advisory Committee which are regarded as matters for local decision.
4. The Administration have now urged in the strongest terms that authority be given in respect of (b) above to state 1/7/66 as the date from which a full cash wage would be payable and to state the N.C.O. and O/R² rates.
5. They have also strongly recommended that for morale purposes the pending reclassification of (expatriate) sub-inspectors be referred to in the proposed statement.
6. There is no formal approval yet for a specific date or for specified new rates of pay for N.C.O.'s and other ranks, but these are ready for approval. Subject to that the principal impediment to meeting the request in paragraph 4 has been that from the viewpoint of Department of the Army an announcement that the Police cash wage will be introduced on 1st July can only be made if a similar announcement can be made in regard to the P.I.R.³ at the same time. This requires resolution of some questions still outstanding regarding the basis of conversion from cash plus kind to all-cash wage for members of the P.I.R. (so far as appropriate in their circumstances). These questions are principally related to the higher value P.I.R. ration scales.
7. I would regard it as reasonable for the P.I.R. to apply a non-reduction principle of some kind, but they have problems in reducing their present ration scale at all, and additionally in having two scales (perhaps with a cash adjustment) operating side by side. With regard to families 'living-out' (said to number 69) because of the very high differential in cash that would result from the simple application of the non-reduction principle, we have suggested (and Army and Treasury are considering it) that the cash element corresponding to rations in the new converted P.I.R. scale should be comparable

1 In a supporting letter to Barnes of 16 May, the General Secretary of the Police Association, A.R. Walker, noted that a Police Advisory Committee had been established in December 1965 to investigate the causes of low morale and that, although it had submitted its report on 31 March 1966, little action had been taken by authorities. He warned Barnes that reliable sources indicated a 'disaster' in the form of a Territory-wide strike if no announcement were made (NAA: A452, 1966/1959). Later, in discussions with Commissioner Cole in Canberra, Barnes said 'the report of the committee ... was a good report and [he] felt it was necessary to push ahead with the implementation of it' (minute, Swift to Payne, 6 June 1966, *ibid.* A copy of the report may be found in *ibid.*).

2 That is, non-commissioned officers and other ranks.

3 Pacific Islands Regiment.

with that of the Police Force and the Public Service and the additional element required to maintain the non-reduction principle should be provided by continuing to issue a corresponding quantity of rations in kind. Such issue would in accordance with the non-reduction principle be reducible in the event of increases in wages of the recipient. This is not at present acceptable to Army. There is also the problem of men in barracks, which are the bulk of the P.I.R. (about 700). We have not proposed this, but want to see the difference in scale of rations reduced or eliminated.

8. At this stage, however, there seems to be no impediment to a general statement by Army in parallel with the Administrator's statement on 16th May, that the P.I.R. would so far as applicable to their circumstances be placed on a full cash wage to apply from the same date as that for the Police, such a statement by Army being subject to Treasury agreement.

9. With regard to paragraph 4 above, if the previous impediment arising out of the circumstances of the P.I.R. is removed, it remains to consider any problems involved for Territories in the Administrator's stating a firm date for the commencement of the cash wage and stating also the actual rates proposed. Provision is made in the draft estimates for 1966/67 to cover the estimated costs of conversion to the full cash wage (as is also the case with the proposed cost for improved accommodation and for the allowances referred to above) and on the assumption that pay and conditions for the Police Force would in any case receive an extremely high priority I do not see any difficulty from the Estimates point of view in making such a statement provided it is not (as at one stage the Administration was suggesting) expressed as being 'an interim measure'.

10. In approving a statement by the Administrator substantially on the lines of the attached draft⁴ you would be giving approval to:—

(a) introduction of a cash wage for N.C.O.'s and other ranks of the Police Force on 1st July, 1966, and the rises to be paid.

(b) the introduction on the same date of a locality allowance and a camping allowance at the same rates as those now applying to local officers of the Public Service.

(c) the principles of a station-in-charge allowance and clothing allowance for plain clothes duty (the actual rates to be determined).

11. The reclassification of the sub-inspectors referred to in paragraph 5 is the subject of a separate minute.

12. In the light of these developments and in order to support the Police Commissioner in his efforts to restore morale in the Police Force I *recommend* that the substance of the attached draft statement, involving approval of the matters referred to in paragraph 10 be approved, the final text being left to the decision of the Administrator and Mr Swift after consultation with the Police Commissioner, the Public Service Commissioner⁵ and the Force Commander;⁶ the issue of the statement being subject to clearance in respect of Army's position (any Army statement requiring Territory approval).

[NAA: A452, 1966/2270]

⁴ Not printed.

⁵ G.D.S. Somers.

⁶ Brigadier I.M. Hunter.

Industrial unrest: announcements on police and PIR conditions of service

In statements of 16 May—details of which were publicised in the South Pacific Post—Cleland and Hunter announced changes to conditions of service in the police force and the Pacific Islands Regiment.

According to an Administration press release, Cleland stated that

The Territory Police Force is to have a fortnightly cash wage. Other measures to improve living and working conditions of the Police Force also are being implemented ... the introduction of a cash wage is one of the recommendations of the Police Advisory Committee, which recently conducted a full review of conditions in the Police Force. The cash wage will follow closely the rates fixed for the local Public Service.

Members of the Force serving now will have their present system of cash wage and issues in kind converted to a full cash wage. Under the full cash wage system members of the Force who are accommodated as single men in barracks will have deductions made from their pay for messing and quarters and other facilities supplied. Other married members will purchase their own food and meet their own living costs and if they live in Administration houses will pay a rental charge on the same basis as public servants.

Under the new scale, adult Constables will receive from \$480 to \$840 per annum, depending on length of service and skills. First-class Constables will receive from \$880 to \$920, and Senior Constables from \$940 to \$980. The rates for Sergeants Third-class will be from \$1,040 to \$1,080, and higher grades of Sergeants will receive up to a maximum of \$1,260 per annum.

It is expected that the new cash wage system will be introduced on and from 1st July next. Detachments will be given full explanations as soon as possible and the Commissioner of Police will visit all Divisional Headquarters within the next week to hold discussions with members of the Force.

The Administrator said that a system of Location Allowances, designed to compensate members who are providing their own food for the higher costs in certain areas of the Territory, will also become effective from that date. Provision is also made for camping allowance to be paid. These allowances will be paid at the rate applicable to local public servants. The principle of introducing a station-in-charge allowance, and of a clothing allowance for members who are required to work in plain clothes, has also been accepted.

Measures are to be taken in certain areas to improve accommodation presently provided, as well as to increase the availability of accommodation for serving members. Funds for this purpose will be included in the Works Programme for 1966/67.

Furlough benefits for members of the Force are available under the new Police Ordinance ... Cleland added that a number of other recommendations made by the Police Advisory Committee also had been approved and would be implemented as soon as possible. Full details of these will be made available to the Police Association forthwith.¹

Hunter's brief statement recorded that all members of the PIR would be placed on a cash wage at rates aligned with those of the police force.² He said that full details of these rates would probably be announced before 1 July, the date of their implementation.

1 Statement by Cleland, 16 May 1966, NAA: A452, 1966/1959.

2 Although Hunter's statement created the impression of parity between PIR and constabulary conditions of service, agreement on this matter had not been reached between Army and DOT. Army views were reflected in the earlier assertion of Minister for the Army Malcolm Fraser that 'pay for native members [of the PIR] should include a loading over and above the scales established for the Police and Administration servants if the soldier is to be rewarded for the service he gives' (see letter, Fraser to Barnes, 15 April 1966, NAA: A452, 1966/2270). For interdepartmental discussion of PIR conditions, see NAA: A452, 1968/4426.

Furthermore, the new pay code would be accompanied by other improvements, such as furlough.³

Three days later, Cleland cabled that the 'tension has gone out of the situation here in Moresby' and that 'reports through Special Branch and my own sources indicate quietness and no adverse reaction in other towns and centres'.⁴ He commented that an 'adverse reaction' had occurred in Port Moresby on 17 May due to misunderstandings on the question of deductions, but that this had been countered through an address by the Police Commissioner. Meanwhile, police were making enquiries regarding 'comparative rates past, present and future', details of which were being supplied by the Administration. Referring apparently to the belief that discrepancies between PIR and police rates of pay were the cause of dissatisfaction in the constabulary,⁵ Cleland closed by stressing to Warwick Smith that it was 'essential that [the] Army get no further gains against the Police'.

3 In Canberra, Barnes 'reported orally to the Cabinet on discontent amongst members of the Pacific Islands Regiment, the Police and student body in Papua New Guinea on the question of pay and conditions, and the steps which had been taken, or would be taken, to meet this problem' (Cabinet decision no. 250, 17 May 1966, NAA: A5839, 250).

4 Telex A354, Cleland to Warwick Smith, 19 May 1966, NAA: A452, 1966/2270.

5 A Department of Territories paper prepared for discussions with Army representatives remarked that 'Disparity is the cause of police discontent. Comparability between the two was observed until 1962 approx. Whether justified or not, police themselves make the comparison' (paper entitled 'Notes for meeting 20/5/66', *ibid.*).

Survey of the border between West Irian and PNG

Following confirmation in 1964 that the border between West Irian and PNG was not in dispute—and that it remained simply to define the boundary on the ground¹—Australia and Indonesia held technical discussions in Canberra from 21–24 May 1966. A statement issued by the Department of External Affairs explained that

The purpose of these discussions was to draw up a detailed programme for the survey work, to consider questions of staffing, supply, transport and communications and to fix a time for the commencement of operations.

It has been agreed to recommend to Governments that work should begin as soon as practicable and it is hoped that a reconnaissance of the various points along the northern part of the border where markers are to be placed and the necessary clearing of helicopter landing pads will have begun by the middle of June. Though progress will be dependent on weather conditions, it is hoped that meridian markers will have been established at intervals up to the headwaters of the Sepik River, and if practicable also into the area of the Star Mountains, by the end of the year. Clearing and survey of the lines between these markers, and the establishment of a programme of work for survey and demarcation of the line to the south of the mountains will be the subject of further talks at a later stage.

The reconnaissance of sites for markers and the necessary clearing of bush associated therewith will be carried out by joint Indonesian/Australian teams using M14 helicopters provided by Indonesia and Bell G3 helicopters provided by Australia. After each site has been approximately located, Indonesian and Australian teams will make concurrent astronomical surveys. The results for each survey will then be correlated and a point fixed on for the erection of a marker. The bases for operations in the northern part of the border will be Sukarnapura, Waris, Green River and Telefomin.²

A confidential cablegram to the Australian Embassy in Djakarta added that ‘survey and clearing teams will not carry military weapons but will be accompanied by security teams’, with each security team responsible for protection from interference from its respective territory.³ It was also noted that the Indonesians were ‘somewhat concerned over the problem of villages which might be found to be astride the border but accepted our position that ... agreed markers placed in position along the line of the border would not become permanent markers until accepted as such in each case by both Governments ... [and that] the marking of the border in respect of such villages should be determined on an ad hoc basis between both Governments when the occasion arose’.

An August report by Foreign Affairs noted that border work was proceeding well and commented on the ‘easy relations existing on the project between both sides’.⁴

1 In answer to a parliamentary question of 15 September 1964, Hasluck commented that ‘there is no matter in dispute with regard to the border between the Australian-administered part of New Guinea and West New Guinea. [That is, there was no dispute over the traditionally accepted line of the border along the 141st meridian and the western bulge of the Fly River.] The only matter requiring attention is the marking of the border on the ground. Last June when I was in Djakarta I reached a very ready understanding with [Indonesian Foreign Minister] Dr Subandrio that we could proceed with arrangements for the marking of the border’ (*Current notes*, vol. 35, 1964, p. 38).

2 DEA press release, 25 May 1966, NAA: A1838, 689/1 part 2.

3 Cablegram 523, DEA to Djakarta, 25 May 1966, *ibid*.

4 Report by C.R. Ashwin (Head, Malaysia and Indonesia Section, DEA), undated, NAA: A1838, 3036/14/1 part 5. See also Document 54.

43 SUBMISSION, BLAKERS¹ TO FAIRHALL²

Canberra, 26 May 1966

TOP SECRET

Plan 'Pygmalion'

This plan was amongst those on which you attended a military briefing in the Operations Centre in the Department. It is an Australian Joint Service Plan for the conduct of military operations in Papua/New Guinea to contain and deter Indonesian covert activities in that area.

2. Plan Pygmalion has been developed so far as an outline plan (copy attached)³ and has been endorsed in this form by the Chiefs of Staff Committee. The Commander Papua/New Guinea Command has been appointed Force Commander for the purpose of the Plan (his Directive is at annex E to the plan)⁴ and the Chiefs of Staff Committee has agreed that he should proceed to the further development of his actual operational plan based on the outline plan.

3. In general concept, the following sequence of operations is planned:—

- (a) Increased surveillance of the border and nearby coastal areas as soon as the requirement is realised.
- (b) Despatch to Papua/New Guinea of additional forces from Australia to permit the conduct and maintenance of sustained operations.
- (c) Extension of the surveillance role to operations designed to eliminate Indonesian forces and deter Indonesia from continuing hostile activities.
- (d) Despatch to the theatre of additional forces from Australia either as a result of Indonesia's increased scale of operations or a prolongation of her small scale effort requiring relief of combat forces in the border area.

4. The total forces which might eventually be required from Australia would, as indicated in paragraph 3(d) above, depend on Indonesian actions and reactions. Planning at this stage, however, envisages the despatch to Papua/New Guinea of the following main elements:—

- (a) *Navy*: 4 minesweepers and 2 general purpose vessels;
- (b) *Army*: 1 SAS squadron, 1 infantry battalion, light aviation and logistic elements;
- (c) *Air*: 6 Caribou and 6 Iroquois aircraft with logistic support.

5. The Chiefs of Staff Committee has noted that while the Army has the capability to implement the plan and concurrently maintain forces in South Vietnam and Malaysia, the Navy could only meet a Pygmalion situation by reducing its contribution to anti-confrontation activities⁵ or when, in approximately 12 months, additional patrol craft

1 G.E. Blakers, Deputy Secretary, Department of Defence.

2 Allen Fairhall, Minister for Defence.

3 Not printed.

4 Not printed.

5 See footnote 2, Document 12.

become available. The Air Force could meet a Pygmalion situation but in the short term this could have some effect on the availability of helicopters for Army training.

6. In view of the sensitivity from the policy viewpoint of planning to meet covert Indonesian action in Papua/New Guinea, Plan Pygmalion is distributed and handled on a strict 'need to know' basis.

7. The Department of Territories is consulted and kept informed as appropriate.

8. It is suggested that at this stage, you note the outline plan in order that the draft operational Plan may be developed by the Force Commander. It is normal contingency planning against a threat which was not considered imminent and which may now be diminishing as a result of developments in Indonesia.⁶

[NAA: A1946, 1968/710]

44 LETTER, BARNES TO CLELAND

Canberra, [1 June 1966]¹

SECRET

I read your memorandum S.24-4 of 3rd May, 1966 and attachments dealing with student and public service discontent.²

While I appreciate that the situation needs very careful handling, my general approach is that a position cannot be allowed to arise in which groups of public servants or (especially) students are given any encouragement to think that demonstrations and strikes are a profitable way of forcing concessions in conditions of employment. Accordingly, I feel that the situation must be handled with firmness. While appreciating that a judgment has to be made on the handling of each set of circumstances as they arise, I consider generally that the approach of the Public Service Commissioner has a good deal of merit.

Mr. Swift has reported orally to me the conversation which he told you he had with Mr. Parrish³ and Mr. Erskine⁴ in which it was mentioned that student groups were planning demonstrations when the Public Service Arbitrator next visits the Territory; that some of the discontent amongst local officers is being accentuated by expressions of views by Administration overseas officers who do not agree with the public service reconstruction policy; and that any offer made by the Administration in the local officer arbitration proceedings is unlikely to have a good effect unless a good deal of attention is given to explaining it—in fact 'selling' it—to local officers. Mr. Swift told me that you were considering what could be done to improve the Administration's position in respect of these matters and in the industrial relations field generally.

6 Fairhall 'noted' the submission on 27 May.

1 Day and month are partially illegible but appear to read '1 Jun'.

2 Document 40.

3 D.J. Parrish, Secretary for Labour, PNG.

4 A.C. Erskine, Assistant Commissioner of Police (Special Branch), PNG.

I attach very great importance to positive measures being taken in relation to the threatened demonstrations by students or other local officers when the Arbitrator goes to the Territory. I rely on you to see that all possible steps are taken to avoid such demonstrations, including the placing of responsibility squarely on those officers of the Administration whose duty it is to influence and control the students or local officers concerned.

In respect of the student group in particular I consider that these are individuals who are being given opportunities which many of their fellows would be very glad to have. They must be made to realise that the opportunity given to them carries with it an obligation to act responsibly and they should not be allowed to assume that their scholarships and traineeships will be continued irrespective of their conduct. The situation can only be handled on the spot and I am confident that you will exercise effective control.

I should like you to despatch on the 7th June through the Secretary to the Department a further assessment of the situation and a brief account of action taken and proposed in relation to it. I would like you also to comment in that communication on the other two matters mentioned above, namely, the suggestion that overseas officers not in sympathy with policy are aggravating the situation and the need for consideration of the handling of the offer to be made in the local officers' arbitration proceedings. If you consider that the points raised above have substance, I should like to have an account of the action being taken in relation to them.

[NAA: A452, 1965/6640]

45 PAPER BY DINGLE¹

Canberra, 7 June 1966

SECRET

Visit to the Territory of Papua and New Guinea 2nd—5th June 1966

The following is a brief report on my visit to Port Moresby last week for the monthly meeting of the Local Intelligence Committee. It has been prepared in haste in view of the current interest. It summarizes the main points which emerged from my discussions with a wide variety of people, including some indigenous leaders. My talks with them are covered in a separate memorandum.²

2. Since my previous visit in November 1965, industrial relations have deteriorated in Port Moresby, and from reports, also in other urban areas in the Territory ...
3. Because we are not in a position to establish with any accuracy either the ceiling of expectancy of the indigenes in respect of wages and terms and conditions of service, or the effect that the present complex cash conversion policy, in lieu of rations etc., which is still not finally settled, will have on the indigenes when it becomes fully known, it is not possible to make an accurate assessment of the probable extent and intensity of dissatisfaction after the first pay period in July (the Army is paid on 7th, Police on 15th).

¹ A.F. Dingle, Intelligence Co-ordination, DEA.

² Not printed.

4. Any assessment is further complicated by the influence of a number of factors.
5. First, the wages of the Police and Army have been traditionally and still are geared to the Administrative wage scales, which also indirectly affect the rates of pay of most of the other sectors of the community—in which there has been industrial unrest over many months, often taking the form of wild-cat strikes. We do not know the degree of collusion which exists between the various groups although we do know that some contacts at least have been made between elements of the Army and Police, and between various sections within the tertiary student organizations, notably medical and Administration students, teachers and Police Cadets. The present discontent thus affects all groups represented in the tiny minority of educated indigenes in the total population (about 3.4%), which is thinly spread across the Territory.
6. A further complication will arise as the present situation in Bougainville becomes more widely known. Considerable resentment has been aroused over the Commonwealth Government's mining policy. An estimated £30–40 million is expected to come from the mining royalties from the Rio Tinto Mine in exchange for which, under existing Commonwealth mining legislation, local land-owners will receive no compensation.
7. Finally, the situation is likely to be complicated by the degree of distrust and lack of contact which exists between the native and European communities. Racial discrimination is practised by a large segment of the European community within which there are indications of increasing concern about personal safety. There is a dangerous vacuum existing between many Departments of the Administration and indigenous leaders, which Police Special Branch, ASIO and Service representatives are unable, because of their occupation, to bridge. Th{us} there is a very real danger of the misunderstanding of major issues, especially when they are so complex. In particular respect to the Police, the marked increase in general Police and Special Branch efficiency has not been accompanied by any significant delegations of political and economic responsibility to indigenes in Government. The result has been only to increase distrust of Europeans, which misleading reporting by the press and radio has only served to exacerbate.
8. Although it is not possible at this stage to estimate with any degree of accuracy the extent and the intensity of the dissatisfaction that must be expected, unless emergency action is taken by Cabinet to make radical changes in its present wage policy in the Territory we do know that, on present indications, considerable unrest will be generated amongst important sections of the Army, Police, if the policy as it now stands is implemented. The effects of the new wages policy will be acutely felt in Port Moresby where the cost of living is about 100% higher than in other areas of the Territory. As the L.I.C. Port Moresby assessment dated 3rd June 1966, states:—

‘Should unassigned cash in hand, as a result of the new wage rate, not measure up to expectations, the situation could deteriorate rapidly. Should this deterioration occur, the loyalty of the indigenous Army and Police in Port Moresby could not be relied upon’.

If such a deterioration could not be arrested an emergency situation ‘could arise in Port Moresby, and possibly in other centres of the Territory and any physical disorder would develop along racial lines’.
9. Two serious effects of the irresponsible and misleading reporting by the press and radio, apart from its effect on race relations, has been to ‘raise the expectancy of the Police and Army for substantially higher wages and to emphasise the effectiveness of the threat of strike action’.
10. If the serious deterioration referred to in the L.I.C. report is to be averted, emergency steps will need to be taken by Cabinet to make radical changes in its present policies.

11. I envisage that the present situation could develop through three stages, following the first payment under the new Army and Police wage scales.
12. The Army pay day will be on 7th July, followed by the Police on 15th July.
13. In the first stage, spontaneous and probably unco-ordinated minor local disorders are likely to occur, similar to others which have occurred in recent months. A state of emergency would be reached in stage two, when these disorders grow in size and spread, action by the indigenous members of the Security Forces becoming linked with that of Public Servants, students and industrial workers. Then strike action, marches etc., could be expected at this stage.
14. The third stage would be reached with the formation of a militant united front, having an anti-Administration platform. At this stage some form of leadership could be expected to emerge. In Port Moresby, at least, this could possibly come from the biggest detribalized group in the town, the Keremas (roughly 14{,000} of 30,000).
15. Because of the number of factors still unassessed, it is not possible to predict with any certainty a firm timetable for the above stages. As matters stand at present the first stage would appear almost certain to follow the Army payday on 7th July. Whether or not it is followed by the critical second stage, and at what interval, will depend on whether radical changes in government policy have been implemented in the meantime, and on the ability of the Administration and Army authorities to control the stage one disorders, {and} prevent them spreading. O{ur} present assessment on the available information is that a state of emergency is probable. If it is reached, however, it would almost inevitably be followed by stage three.
16. Also relevant in this report is the question of emergency legislation and powers. I understand draft emergency regulations, including plans for the establishment of an Auxiliary Police Force, {are} at present up before the Administrator, but that assent has been withheld to {them} going before the House of Assembly, for fear of heightening alarm amongst the European community and investors. Such a problem has not arisen in most former British colonies because Emergency Powers have normally been vested in the Governor as a matter of course.
17. As matters stand, therefore, there are no plans in existence for the protection of the European community, key {points} etc., in time of emergency. The European community in Port Moresby numbers some 7–8,000. Were soldiers to riot using weapons—and there is some chance they might and have Police support, it is doubtful if one company of ARA³ troops from Australia would be sufficient to maintain law and order. A battalion would probably be needed to be flown in. The Commissioner of Police⁴ {and} the Commander, IPIR⁵ consider they could control the situation for no more than twenty-four hours were the Army and Police to strike together.⁶

[NAA: A1838, 689/1 part 2]

3 Australian Regular Army.

4 R.R. Cole.

5 That is, the commander of the first battalion of the PIR, Lt Col B.B. Hearn.

6 On 15 June, the Joint Intelligence Committee, using the MIS for May (see MIS no. 5/66, 3 June 1966, NAA: A452, 1966/842), judged that 'Although the announcements of new pay scales for the police and army has led to an immediate reduction in tension, the situation is still considered serious and could deteriorate rapidly should net pay, as a result of the new wage, not measure up to expectations'. 'Should this deterioration occur', the assessment continued, 'the loyalty of the indigenous army and police in Port Moresby could not be relied upon' (supplement to JIC current intelligence weekly report, 15 June 1966, *ibid.*).

Changes to PNG mining legislation

In mid-June, the House of Assembly passed amendments to the mining ordinances of Papua and New Guinea.¹ Among the changes were new prospecting authorities which increased the maximum area available for exploration projects from 1,000 to 10,000 square miles; compensation for occupation of land during prospecting was fixed at \$1 per acre per annum; and recompense for damage to land was also legislated. Special mining leases of up to 25 square miles and for 42 years (renewable thereafter at periods of up to 21 years) were established to provide title to areas where large ore-bodies were involved and, again for large-scale undertakings, provision was made for agreements between the Government and mining companies, which in turn would require legislative ratification.

During debate, the MHA for Bougainville, Paul Lapun, urged that

copper royalties ... be paid back to the people of Bougainville. It must go straight back to them ... it will not be wise if the people in Kieta are dissatisfied and say that they are being exploited. Troubles could arise.²

Later in the day, Lapun proposed an amendment to the bill giving the 'owner of the land' 5% of the mine's royalties.³ The Administration attacked the amendment. Henderson said that

At first the owners will want five per cent. of the royalties and then they will demand all of them. Either the state owns the minerals, or the private individual. There can be no compromise ... We make provision in this bill to ensure justice is done to the individual—that he is paid rent or an occupation fee if he is deprived of the use of the surface of the land. We have done everything possible to protect his rights, but the minerals in this country belong to all the people. They do not belong, nor should they belong, to the owner of the land—to a person who has the good fortune to be sitting on top of a mineral.⁴

The suggested amendment was defeated by 30 votes to 22.

Reflecting on the incident, the Local Intelligence Committee noted:

in view of the antipathy in the [Bougainville] area towards the operations of the Company, we believe that LAPUN will endeavour to re-introduce the 'royalties' amendment at later sittings of the House and may stand a good chance of gaining a majority vote. Should this eventuate, the Australian Government would be faced with the alternatives of either disallowing the amendment and thus alienating indigenous M's.H.A., or agreeing to the payment of royalties, a decision which would constitute a reversal of policy.⁵

1 Information in this paragraph is from an anonymous and undated paper entitled 'Mining Ordinances: Territory of Papua and New Guinea', NAA: A452, 1966/5311, and memorandum, Administration (Cleland) to DOT, 6 March 1965, NAA: A452, 1963/2763.

2 *House of Assembly debates*, 14 June 1966, NLA: Nq 328.952 PAP, p. 1487.

3 See *ibid.*, pp. 1502–4.

4 *loc. cit.*

5 MIS no. 6/66, 8 July 1966, NAA: A452, 1966/842.

46 SUBMISSION NO. 256, BARNES TO CABINET

Canberra, 4 July 1966

TOP SECRET

Papua and New Guinea—threat to internal security

The purpose of this submission is to report to Cabinet that there is some industrial unrest in Papua and New Guinea and to seek Cabinet's endorsement of action contemplated should the unexpected but extreme situation occur in which the Police and if called out the Pacific Islands Regiment refuse to act to control disturbances.¹

Background

2. The situation has arisen out of the reconstruction of the Public Service under the 1963 Public Service Ordinance. The focal point of expressions of discontent in the Public Service is the level of salaries fixed for indigenes (Local Officers) which are lower than those applicable to expatriates (Overseas Officers).
3. The indigenous Police and army personnel were not at the time directly affected by the reconstruction of the Public Service but have been dissatisfied with their pay and conditions. The basis of pay for both forces has now been converted from 'cash and kind' to a full cash basis as for the Public Service with effect from 1st July, 1966.
4. A claim by the Public Service Association on behalf of Local Officers of the Public Service is being considered by the Public Service Arbitrator. Because the Arbitrator was injured in an accident, proceedings have been delayed. They resumed on 21st June. Some expressions of discontent have been directed at this delay.

The situation

5. Pertinent features of reports made from time to time over recent weeks by the Administrator and the Local Intelligence Committee for Papua and New Guinea include planned demonstrations by students (now reported to be deferred), some work stoppages within and without the Public Service in Port Moresby, Rabaul and Sogeri over wages, advocacy of and planning for strike action in the Public Service and amongst the Police both in Port Moresby and elsewhere, attempts by students to associate Police with planned action, and a recent demonstration by indigenous Army personnel over pay.
6. The main reason for concern is uncertainty about the attitude of the indigenous personnel in the Police Force and the Army. The Local Intelligence Committee reports in the following terms—

'Despite the fact that the announcement of the new pay scales for the Police and Army led to an immediate reduction in tension, the situation is still considered serious. Should unassigned cash in hand, as a result of the new wage rate, not measure up to expectations, the situation could deteriorate.'

¹ Concerns over unrest in the army and police force were accompanied by fears that planning for civil disturbances was inadequate. In the first half of 1966, the Administration and Territories assessed that existing contingency plans and associated institutional structures were designed for a war situation and were 'inappropriate for dealing with threats to security ... arising internally' (note for file by J.L. Legge (Defence Liaison Officer, DOT), 5 April 1966, NAA: A452, 1966/2664). It was also thought that legislative provisions for internal action were insufficient (see minutes, Ballard to Swift, 1 June 1966 and undated, *ibid.*).

The basic issue

7. The disparity between salary levels for indigenous and expatriate public servants arises from the policy of fixing indigenous salary levels that meet basic needs and yet take account of the needs of the economy of the Territory. There is, of course, the further significant principle that persons employed by the Administration and in other ways by the Government should not become privileged groups when compared with those engaged in production.

8. While the Territory is moving towards political self-determination there exists the contradictory situation that it is becoming increasingly dependent on outside financial assistance. Nothing should be done, therefore, that will permanently accelerate this trend.

9. Public Service salaries must be financed from the funds available (from the Australian grant and local revenue) in competition with the heavy demands of expanded economic development programmes as well as expansion, at the expensive tertiary levels, of education and training.² As an indication of the budgetary implications of changes in levels of salaries and conditions of service for indigenous Administration staff, the reconstruction of the Public Service cost an additional \$2,000,000 in the financial year 1964/65; the recent approvals in respect of the police are expected to cost an additional \$635,000 for pay and \$1,000,000 in respect of housing for 1966/67;³ and in respect of 1965/66 it was estimated that indigenous staff of the Administration would be paid \$10,200,000 but that if they were paid at expatriate rates, the cost would be, \$41,800,000.

10. Public Service salaries have a significant influence on the levels of pay outside the Public Service. If too high, levels of wages can have an adverse effect on the capacity of the Territory to market the primary products on which its economy depends.

The risk

11. The greatest danger is that some demonstration will be organised and an irresponsible act by someone will spark off trouble. It is assessed that any civil disorder would develop along racial lines.

12. While any outbreak of trouble is likely to occur only in the Port Moresby area there is a possibility that it would be followed by outbreaks in the distant areas of Rabaul and the Highlands with possible development of Territory-wide strikes or other trouble paralysing essential services and endangering European lives.

13. The occasions of greatest risk of trouble are assessed to be—

- (a) when the Arbitrator announces a decision; and
- (b) in the second half of July when the effect of the first pay under the new pay code is apparent to the Army and Police.

14. At this stage it is assessed that while indigenous Police are unlikely to join with other groups in demonstrations or incidents they might refuse to act against indigenous demonstrators.

² See introduction.

³ See editorial note 'Industrial unrest: announcements on police and PIR conditions of service'.

15. On the basis of assessments of senior Army officers there is the possibility of serious trouble with Army personnel.⁴

Approach in handling the situation

16. I have consulted with the Minister for Defence⁵ and our two departments have consulted informally.

17. At this stage it is not expected that a situation will arise that cannot be contained. Steps have been taken to minimise the possibility of disturbances and to cover the effect of any disturbance that might occur. These include warnings to students of disciplinary action if they demonstrate and the enactment of legislative provisions to give control over meetings and processions.

18. At the same time it seems prudent to plan now against the possibility that the position may deteriorate. The Police Commissioner has plans for the swearing in of special constables if the regular force were to refuse duty. Some 300 men are listed as possibles in Port Moresby, though how many would respond cannot be tested without risk of undesirable publicity. This would be done if deterioration in the situation warranted it.

19. Should a situation develop that cannot be handled with the resources of the Territory it is doubtful whether reliance could be placed on civil assistance from Australia. Police volunteers could be used from Commonwealth controlled forces or, if agreed by the respective Governments, from the States. Because of the risk of undesirable publicity volunteers could not be called until the need to use them was reasonably certain. The situation envisaged is one which arises from refusal of the police and the Pacific Islands Regiment to act, combined with disturbances on a scale that could not be controlled by the available Europeans sworn in as special constables. Warning time before action is essential is therefore likely to be short. The possibility of sufficient pre-planning and advance action to enable police assistance to be provided very quickly should the need arise, but with the pre-planning and advance action kept within the limits needed to avoid leakages of information about the circumstances to which the planning is directed, is being explored. A further submission will be made to Cabinet before any approach is made to the States.

20. In the event that police assistance from Australia cannot be provided within the limitations referred to or in the event that the situation arose before arrangements for the police had been set up, military assistance, as a last resort, would be necessary. I am assured that at least a company of infantry could be moved at short notice if authority were given. The company is not trained in measures in aid of the civil power but Army Headquarters has ordered on a confidential basis that the company officers are to study the relevant techniques. Because of the sensitivity of the subject, an extension of training beyond this scope has not been authorised. The Army also does not hold the special equipment usually required for riot control measures. The Departments of Defence and

4 The MIS for June, dated 8 July, read: 'Dissatisfaction over pay and conditions of service continues amongst police, army, public servants and students in the PORT MORESBY area ... Future reaction by Local Officers of the public service and students will depend on the outcome of public service arbitration ... We believe that the new police-army pay scale will precipitate some form of positive protest by members of these two services against Government policy in respect of wage differentials. The most critical period is likely to be 14th to 31st July' (NAA: A452, 1966/842).

5 Allen Fairhall.

Territories, in consultation with Attorney-General's Department, are examining legal and procedural requirements.

21. I consider that the situation must be dealt with by standing firm on the industrial front and living through any trouble that might develop as a consequence. The alternative of increasing salary levels under pressure would encourage further pressure and lead towards a situation in which the burden of too high wage levels would render impossible the already difficult task of building up a degree of economic self-reliance in the Territory to match the trends in political development.

Recommendation:

22. I recommend that Cabinet approve that plans be prepared for the provision of military assistance as a last resort. (In this regard I envisage that the necessary proclamation by the Governor-General permitting the use of military personnel would be recommended on the basis of a special Cabinet approval, or if the emergency became too pressing, after consultation with the Prime Minister.)

[NAA: A5841, 262]

47 SUBMISSION NO. 349, BARNES TO CABINET

Canberra, 7 July 1966

CONFIDENTIAL

Grant for Papua and New Guinea Administration in 1966/67

This submission seeks approval for a Commonwealth grant of \$72.9 million to the Papua and New Guinea Administration in 1966/67.

2. The proposed grant is \$10.9 million or 17.6% more than the grant of \$62 million for 1965/66. This abnormally large increase is necessary because of the rather higher rise in expenditure confronting the Administration—arising from the establishment of tertiary education institutions and the Development Bank, the necessity to take special measures for the Police, and prospective increases in the salaries of overseas officers consequent upon increases granted to the Third Division of the Commonwealth Public Service in Australia—coupled with the inability in the short term to increase internal revenue as fast as necessary to meet it.

3. A summary comparison of the proposed Administration budget for 1966/67 with the estimated results for 1965/66 is as follows:—

Receipts	1965/66 estimated		1966/67 proposals		increase over 1965/66	
	\$M	% of total	\$M	% of total	\$M	%
Internal Revenue	35.15	34.0	42.00	34.5	6.85	19.5
Public Borrowings	6.16	6.0	6.94	5.7	0.78	12.7
Commonwealth grant	62.00	60.0	72.90	59.8	10.90	17.6
	103.31	100.0	121.84	100.0	18.53	17.9

Expenditure	1965/66 estimated		1966/67 proposals		increase over 1965/66	
	\$M	% of total	\$M	% of total	\$M	%
recurring	76.00	73.1	89.56	73.5	13.56	17.8
capital	27.40	26.9	32.28	26.5	4.88	17.8
	103.40(a) ¹	100.0	121.84	100.0	18.44	17.8

The salient points of this comparison are—

- (i) an increase in the budget of 17.9%;
- (ii) an estimated increase in local revenue of 19.5%; and,
- (iii) an increase from 40.0% to 40.2% in the proportion of total estimated expenditure to be met from internal revenue and loan raisings and a corresponding decline from 60.0% to 59.8% in the proportion to be met from Commonwealth grant.

Expenditure

4. The draft Administration budget for 1966/67 gives priority to those expenditures which would both directly strengthen the productive potential of the Territory and advance the indigenous population. Expansion in non-economic areas has been restricted but in doing so the aim has been to avoid repercussions that would seriously affect the Government's fundamental policy objectives.

5. A functional classification of the proposed budget is given at Attachment 'A'.² This shows a small decline in the percentage of the budget for the economic sector. Substantial additional expenditure in the health and education and general administrative sectors of the budget arising from earlier decisions on the establishment of tertiary education institutions and a special programme of housing for overseas officers and from special measures taken for the Police preclude a relative growth in the proportion of the budget for economic activities.

6. Total expenditure in 1966/67 is estimated at \$121.84 million, which is \$18.44 million more than in 1965/66. A broad outline of the main components making up the additional overall requirement of \$18.44 million is—

\$M

- (a) Capital works and equipment—including \$1.2 million for special housing project to provide houses for overseas officers necessary for economic development programme (Cabinet Decision No. 1086 (M) of 21st July, 1965).³ The major variations in expenditure are given in Attachment 'B'.⁴

4.88

- (b) Recruitment—

¹ A footnote in the original here instructed that the 'excess of expenditure over receipts in 1965/66 of \$90,000 was met from a balance of \$160,000 in the Consolidated Revenue Fund at 1st July, 1965'.

² Not printed.

³ Not printed.

⁴ Not printed.

(i)	1965/66—additional cost for a full year		
		\$M	
		2.05	
		\$M	
(ii)	1966/67—571 Overseas* ⁵	1.00	
	1,625 Local	<u>.28</u>	
		1.28	3.33
(c)	Police Constabulary—conversion to full cash wage, revision of salary scales, improved allowances		0.90
(d)	verseas officers—proposed application of Commonwealth Public Service Third Division work value salary increases		0.70
(e)	Other salary and wage costs for staff on strength at 30th June, 1966		0.85
(f)	General Maintenance—additional cost of maintaining a rising total value of Administration assets		1.01
(g)	University of Papua and New Guinea (Approved by Cabinet Decision No. 760 of 15th March, 1965) ⁶		1.69
(h)	Institute of Higher Technical Education (Approved by Cabinet Decision No. 760 of 15th March, 1965) ⁷		0.59
(i)	Development Bank (Approved by Cabinet Decision No. 1171 of 26th August, 1965) ⁸		1.00
(j)	Public borrowing—interest and redemption		0.33
(k)	Refunds of income tax		0.31
(l)	Forestry consultants		0.20
(m)	Census		0.15
(n)	Identifiable price rises (other than in capital works and salaries)		0.36
(o)	Additional supplies and services for programmes being implemented by growing staff		<u>2.14</u>
			18.44

5 A footnote on the source document here read 'Cabinet Decision No. 1086(M) of 21st July, 1965' (not printed).

6 Not printed.

7 Not printed.

Receipts

INTERNAL REVENUE

7. On the basis of levies at 30th June, 1966, internal revenue in 1966/67 is estimated at \$41.25 million or 17.4% more than estimated revenue for 1965/66. At the June session of the House of Assembly a draft Income Tax Ordinance was taken to the second reading. If adopted, this Ordinance would impose, from 1st July, 1966, income tax on incomes too low to attract tax under the present system (based on Australian conditions). A flat rate tax of 2 per centum is proposed. An urban worker receiving a minimum wage of \$6 per week would have 12 cents deducted from his weekly wage. This new measure is a significant advance in the establishment of a direct taxation structure applicable to the circumstances of the indigenes. It is expected to yield \$750,000 in 1966/67.

8. Consequent upon the increase of 2½% in Australian income tax in the 1965 budget, Territory income tax rates were increased by the same percentage. As well, higher import duties were levied, excise on beer and cigarettes was lifted (twice in the case of cigarettes), and postage and telephone charges were raised. In the circumstances, it is considered that the proposed change in income tax is the only revenue raising measure that should be contemplated in 1966/67.

9. The estimate of \$42.0 million for internal revenue is 19.5% greater than estimated revenue in 1965/66 and 50.4% greater than revenue collected in 1964/65.

PUBLIC BORROWINGS

10. Public borrowings in 1966/67 are estimated at \$6.94 million—\$0.78 million more than in 1965/66.

COMMONWEALTH GRANT

11. The proposed Commonwealth grant of \$72.90 million is \$10.90 million or 17.6% greater than the grant of \$62.0 million for 1965/66. It represents 59.8% of total estimated receipts, the lowest percentage in the post-war years.

CONTINGENT LIABILITIES

12. No provision has been made in the draft Administration budget for—

- (a) any increase in the salaries of *overseas officers* flowing from the Commonwealth Conciliation and Arbitration Commission's decision on the National Basic Wage Case (an increase of \$1 per week would cost \$0.29 million per annum, gross); and
- (b) any increase in the salaries of *local officers* as a result of arbitration proceeding.

Further, the amount of \$0.7 million that has been included for increases in the salaries of overseas officers (paragraph 6 above) is the best estimate that could be made, in advance of the Arbitrator's determination and the working out of its application, of the likely cost to the Administration in 1966/67.

13. In view of the magnitude of the amounts involved, it is proposed that provision be made in the Commonwealth's Additional Estimates for 1966/67 for a supplementary grant to the Administration for the additional expenditure in which it becomes involved through the processes of arbitration in the two cases referred to above and for the amount by which expenditure arising from the application of the Australian Third Division salary increases to overseas officers exceeds \$0.7 million.

14. The year 1965/66 saw a concerted effort by the Administration to give emphasis to economic development. In 1966/67 the Administration will continue to strive for the utmost economic development practicable. To permit this a substantial increase in Commonwealth grant is undoubtedly necessary.

15. As well as providing for the normal growth in expenditure on administration resulting for example from the full year cost of recruitment in 1965/66 and increases in costs and for increased expenditure resulting from further recruitment, the Administration budget for 1966/67 must accommodate outlays of some magnitude on several exceptional items which all happen to rank simultaneously for inclusion in the 1966/67 budget and none of which can reasonably be deferred. The establishment of new institutions, in accordance with earlier Cabinet decisions, requires \$3.28 million; expenditure on housing for overseas officers under the special contract made with Cabinet authority is estimated at \$1.2 million; special measures resulting from the Report of the Committee of Enquiry into the Conditions of Service of the Police Force amount to \$1.9 million; and arbitration salary increases for overseas officers involve \$0.7 million. While in each year exceptional items arise for attention, there is an abundance of such items in 1966/67. This coincidence of new and heavy demands has created a serious budget problem.

16. The level of grant proposed and the estimated total revenue based on that level of grant is by no means high enough to avoid difficulties arising, in the particular situation of the Territory, because from the point of view of most of the local people not enough schools, hospitals, roads, etc. will be built and on the other hand they will be obliged (even the minimum wage category) to pay new taxes. Thus although the increase now sought in the Commonwealth grant is greater than for the last two years and about the same as in 1963/64 it is considered to give a reasonable practical answer to a budget problem which is particularly difficult this year.

RECOMMENDATION

17. I recommend an initial grant of \$72.9 million to the Papua and New Guinea Administration in 1966/67 and that provision for a supplementary grant to the Administration be made in Additional Estimates as discussed in paragraph 13 above.

[NAA: A5841, 349]

48 SUBMISSION, BALLARD TO BARNES

Canberra, 8 July 1966

Papua and New Guinea—Select Committee on Constitutional Development

On 10th June 1966 the Chairman of the Select Committee, Mr. Guise, made a statement in the House of Assembly summarising the discussions last April between other Ministers and yourself and the Committee.¹ Mr. Guise went on to say that the Committee believed that the views of the Territory people should be obtained on any change in the composition of House, and that a series of visits to parts of the Territory by members of the Committee had been commenced.

2. The Committee had by that date visited the Western District, the Gulf District and part of the Central District. The programme provides for the Committee's visits to all other districts of the Territory to be concluded by 4th August 1966. In making these visits the Committee had divided into groups of from two to seven members and all members will meet again in Port Moresby on 8th and 9th August, 1966.

3. In his statement to the House of Assembly, Mr. Guise said that the Committee's enquiry with the people is limited to matters affecting the next House, such as open electorates, special electorates, official members and any responsibility for revenue raised in the Territory.² Publicity had been given to the Committee's work by press and radio and by information forwarded through Local Government Councils, District and Town Advisory Councils, Workers' and Co-Operative Societies, District Commissioners and Missions.

4. Mr. Guise said that the Committee will consider the views put by the people to its members during the visits to Districts, and in written submissions. An interim report on these matters will be presented to the House by the Committee at the next sittings of the House in August, 1966.

5. The timetable discussed at the Canberra talks with the Committee for any interim changes in the House of Assembly requires any recommendations to be with the Government by mid-August of this year. The Committee meeting at Port Moresby on 8th and 9th August is presumably for the drafting of the interim report. This could mean that the report will be available for consideration by the House of Assembly in the week commencing 15th August.

6. In discussions with official members after the Canberra talks it was mentioned that it would be desirable for an official member to be a member of individual Committee groups which would be asking the people for their views on changes. The break up of the groups (attached)³ does not accomplish this. Where, however, no official member has been assigned to a group, one of the European members (Mr. Downs or Mr. Stuntz) is a group member and they {c}ould {be expected} to see that questions were explained in detail and that views were fairly recorded.

7. Submitted for *information*.⁴

[NAA: A452, 1966/2960]

1 Guise's statement (see NAA: A452, 1966/2960) was similar in substance to that by Barnes of 21 April (see footnote 42, Document 38). It followed a shorter statement of 27 April in which Guise had referred briefly to the discussions in Canberra and had promised a report in June to the House of Assembly (see NAA: A452, 1966/2960).

2 Guise had earlier raised these issues in the context of his statement of 27 April, during which he announced upcoming Territory-wide consultations by the Select Committee (see loc. cit.).

3 Not printed.

4 Barnes initialled the submission on 18 July.

Select Committee activity post-April 1966 and reactions in Canberra

In the period following the Select Committee's visit to Canberra, the Department of Territories became increasingly anxious about a lack of information and consultation regarding the Committee's activities. A Territories paper noted that the Department 'received no reports on activities until [the] South Pacific Post of 29 [April] reported that within [the] next two weeks [the] Committee would begin visiting parts of the Territory'.¹ The nature of the questions to be asked of the people, as outlined by Guise in a statement of 11 May,² further aroused DOT officials. The Department complained that it had 'No information [on] why [the] question relating to official members was included, in view of the Cabinet decision that they be retained' and nor was it informed of the 'circumstances in which the question relating to financial control was added'.³

In a minute to Warwick Smith, Ballard linked much of the difficulties with the Select Committee to Guise's role as Chairman.⁴ Ballard noted that Guise was pressing for the splitting of the Territory budget—a move that Barnes had declared impractical during the April talks—and he alleged that Guise had decided to put a ministerial representatives proposal to the people in a second round of questions 'on the ostensible ground that the long term changes will determine interim changes', but in reality because he knew that 'the present mood of the Territory is that it does not want to progress towards a Ministerial system ... and [he] is seeking a method of putting a question which will give him the answer he wants'.⁵

The Department dealt with these anxieties through a personal visit by Warwick Smith to PNG, during which he held discussions with the Administrator⁶ and handed over a letter requesting more regular reporting from official members.⁷ In a second letter of the same date, he reiterated Government policy on budgetary control,⁸ and in early August he dispatched a memorandum which reminded Cleland of Cabinet's decision of February with regard to special electorates, the size of the House and the continuing role of official members.⁹

1 Paper by unidentified DOT officer, 8 July 1966, NAA: A452, 1966/2960.

2 These were: '1. Do the people consider that the present composition of the House meets the needs of the Territory of Papua and New Guinea? 2. Should the number of electorates and hence number of members be changed, i.e. are there enough electorates or too many or too few? 3. Should there be more rigid qualifications for candidates, e.g. ability to read and write English or Pidgin or Motu, specified standard of education, etc? 4. Do you think it is necessary we should still have Special Electorates? 5. Should all elected positions in the House of Assembly be open to all persons regardless of race, or should some seats be reserved for non-indigenous inhabitants of the Territory? 6. Should there be official members in the House, if so, should the numbers remain as at present or should these be restricted to specific positions? 7. These are the important questions but have you any other views on other matters you would like to mention to the Committee?' (ibid.). A question on 'whether the House ... should have some control over internal revenue' was added later (cited in Second Interim Report of the Select Committee, 30 August 1969, NAA: A1838, 936/4/6/3).

3 Paper by unidentified DOT officer, 8 July 1966, NAA: A452, 1966/2960.

4 By this time, Guise had been deposed as leader of the elected members of the House (for background, see Document 37).

5 Minute, Ballard to Warwick Smith, 14 June 1966, NAA: A452, 1966/2960.

6 A record of these discussions has not been found, though a letter of 18 July from Cleland to the Secretary indicates, for example, that they included matters associated with the Select Committee's timetable (ibid.).

7 Letter, Warwick Smith to Cleland on this topic, 8 July 1966, ibid. (three letters to Cleland of this date are signed by Warwick Smith).

8 See letter, Warwick Smith to Cleland on the splitting of the budget, 8 July 1966, ibid., and Document 49.

9 Memorandum, DOT (Warwick Smith) to Administration, 2 August 1966, NAA: A452, 1966/4576. See also Documents 5 and 13.

49 LETTER, WARWICK SMITH TO CLELAND¹

Canberra, 9 July 1966

One of the questions on which the Select Committee is seeking the views of the people is whether the Territory budget should be split so that appropriations of Territory revenue can be decided in the Territory.

I thought that the Minister made it clear in the Canberra talks that it was the practical difficulties which the Commonwealth sees in splitting the budget at this stage and not the principle which resulted in the Commonwealth's view that it was impracticable to split the budget at this stage.

It is one thing therefore for the Select Committee to ask the people for their views on 'responsibility for a degree of internal financial control' and another thing to find out if this can be done in a way which is fully consistent with the overall requirements of the Territory and which leaves Australia the full authority to discharge its responsibilities there.

In 1965/66 the Commonwealth is meeting by way of direct grant \$62 million or about 60% of a total expenditure by the Papua and New Guinea Administration of \$103 million. Internal revenue amounts to \$34.7 million or about one-third of the budget and covers approximately expenditure (both capital and current) on health, education, housing, water and sewerage and posts and telegraphs. Further, the combined total of expenditure on all capital works and capital purchases constitutes about 28% only of the total estimated expenditure. There are, therefore, obvious limits to the increased responsibility that could be given to the House of Assembly through the splitting of the budget.

If two authorities each decided independently the development that would occur in the Territory in different fields there would be a real risk of unco-ordinated development—for example if schools and hospitals are established they would need roads to be constructed and maintained to serve them. If the split were to put current expenditure under one authority and capital expenditure under another, similar problems arise. Fragmentation of the budget is quite opposed to the precepts of sound budgeting.

It would be a very happy coincidence if the area of responsibility designated to be financed from internal revenue matched exactly or even closely the level of expenditure that should be incurred on that area and if the increase in internal revenue year by year corresponded with the increase in expenditure that, in proper balance, should occur in that area of responsibility. In this connection it should be noted that internal revenue in 1966/67 is estimated to be about 21% greater than in 1965/66; in 1965/66 internal revenue is estimated to be 24% greater than in 1964/65; and in 1964/65 internal revenue was 23% greater than in the preceding year. These annual increases in internal revenue are considerable; but there could be, for example, a sudden and very significant rise in internal revenue from mineral development or the discovery of oil.

A basic assumption underlying the determination of the amount of Commonwealth grant is that all avenues of raising internal revenue have been thoroughly explored. To the extent that internal revenue can be raised the gap between expenditure and receipts (including borrowings) to be met by the Commonwealth is correspondingly reduced. The Commonwealth thereto has a vital interest in ensuring that internal revenue is at

¹ A marginal note indicates that Warwick Smith delivered the letter during a visit to PNG.

the maximum practicable level. If it can be raised further, the Commonwealth would obviously wish to consider whether total expenditure should rise and if so in which directions or whether the amount of Commonwealth grant should be reduced. Recent annual increases in internal revenue would have necessitated at least an annual review of the functions to be financed from internal revenue.

It would seem that the proportion of external aid to local revenue would need to be considerably lower before splitting the budget would be practicable. A system of grants in aid for specific purposes looks practicable in a situation where a country from its own revenues provides ordinary costs of administration (salaries, services, minor works, etc.). Grants in aid can then be given for specific developmental purposes as aids to the annual programme.

At this stage, therefore, it does not seem practicable to devise an effective scheme for splitting the budget which will achieve the desired objective until a much higher proportion of total expenditure is being met from local revenue.

In asking the people this question on local responsibility for local revenues the Select Committee may have in mind that as one step in this direction the Commonwealth should meet direct the cost arising from the employment of expatriate personnel. The Treasury however has stated its opposition to this proposal and perhaps we should discuss that aspect on my visit to the Territory.

The Government obviously should avoid being placed in the situation where there is a strong local support for a split budget but for reasons, however legitimate, the Government has to make a decision against such action at this stage. It seems desirable that members of the Committee should be made as fully aware as possible of the difficulties seen in the proposal and I would appreciate your views on how this might be done. If the Select Committee were to come up with a recommendation which merely requested the Government to continue to examine how the budget might be split this would not appear to cause any difficulty.

[NAA: A452, 1966/2960]

50 NOTE BY YEEND ON CABINET SUBMISSION NO. 256¹

Canberra, 11 July 1966

TOP SECRET

Papua and New Guinea—threat to internal security

Minister advises Cabinet of industrial unrest in Papua and New Guinea and seeks approval to prepare plans for last resort military assistance should civil disturbances take place. Minister points to possibility New Guinea Constabulary and Pacific Islands Regiment taking part in, or not opposing, civil disturbance.

2. We agree with covert planning envisaged in the Submission.

¹ Document 46.

3. Industrial unrest stems from decisions on Public Service salaries and Army/Police pay and conditions. Minister proposes Commonwealth Government must stand firm on industrial front and live through any trouble that might develop as a consequence.
4. It is not clear Australia can live through consequences of massive civil disturbance in Papua and New Guinea. Possibility of disturbance in Papua and New Guinea will probably exist for some time to come. Basis of present unrest may not provide best position for a stand on principles by Australia in the face of local and international opposition.
5. We suggest further discussions by main policy departments to present Ministers in clear terms with an assessment whether our basic aims and principles in Papua and New Guinea are sufficiently at stake, as seems to be implied, to risk and even to court civil disturbance.²

[NAA: A5841, 262]

2 On 13 July, Cabinet 'gave its approval for planning to be put in hand for the provision of military assistance as a last resort. It directed that this planning should be kept under the strictest security ... However, recognising the grave consequences which could attend such a step, the Cabinet indicated that it would wish to explore without delay any possibilities which existed, or might arise, of reducing the risk of disturbances occurring which could get out of hand. The Cabinet noted that one such possibility was a settlement of the Pacific Islands Regiment pay issue and that the Minister for the Army would shortly be bringing a submission to the Cabinet on this matter. However, in considering this, Cabinet would need to be informed about other facets of the total problem' (decision no. 329, NAA: A1209, 1969/9031 part 7).

Internal security planning

Following Cabinet's decision on military aid to the civil power,¹ Defence, Territories and the Administration attempted to formulate mutually acceptable plans. Two themes dominated discussions. The first was a general policy issue—that of defining situations in which military assistance would be given. In early consultations, Defence was unhappy with Territories because 'at least some people in Territories ... were inclined to disregard the need for arrangements to enrol special constables in the Territory, preferring to leave emergency action to Australian troops from the mainland'.² Thus when the Administration submitted contingency plans that envisaged the possible use of defence forces in a 'minor' role,³ Defence objected. Port Moresby's plans were, in fact, an attempt to act in accordance with Cabinet's wishes by 'making the utmost use of local resources in an emergency, so as to avoid, if at all possible, the need to call in military assistance'.⁴ But Defence insisted that its forces would only become involved in the 'last resort should an internal security situation develop to the stage where it could not be controlled by civil resources'; it would not accept use of military forces 'in lesser situations of political or industrial unrest'.⁵ Territories was obliged to accept this principle and agreed that the 'resources to be employed in dealing with [internal security situations] should be clearly defined and that cross-references to more serious situations involving use of military assistance should be avoided in plans for lesser situations'.⁶ The disagreement meant that the Administration's plans had to be revised and were not endorsed until January 1968.⁷ In the interim, there were no moves toward detailed contingency plans for the use of military forces—and, indeed, renewed controversy erupted in May 1969 over the fundamental problem of determining the grounds that justified military intervention.

A second major theme of interdepartmental dialogue on PNG's internal security was that of legislation. At the same time that contingency planning was identified as inadequate, the legal framework for emergency action had been deemed deficient.⁸ In broad terms, the debate that followed revolved around the provision of legal cover for military involvement and for the various forms of physical action that were thought to be critical to controlling an emergency situation. In the second half of 1966, Ballard pushed for arrangements that would allow the initiation of military action without a formal call-out because he disliked the 'delay in [the Governor-General] making the [required] Proclamation and the ... adverse publicity attendant upon the making'.⁹ Consistent with its view that military assistance was a 'last resort', Defence rejected this idea, and Territories had to content itself with a minor concession from the Attorney-General's Department on the matter of

1 See footnote 2, Document 50.

2 Minute, A.M. Morris (Assistant Secretary, Defence Liaison Branch, DEA) to A.H. Borthwick (Acting Head, Pacific and Americas Branch, DEA), 15 September 1966, NAA: A1838, 689/1 part 3.

3 Memorandum, Administration (D.M. Fenbury, Secretary, Administrator's Department) to DOT, 9 November 1966, NAA: A452, 1966/2664.

4 Letter, Warwick Smith to Cleland, 17 September 1966, *ibid.*

5 Letter, Blakers to Swift, 12 December 1966, *ibid.*

6 Memorandum, DOT (Swift) to Administration, 18 August 1967, *ibid.*

7 Memorandum, Administration (D.O. Hay, Cleland's successor as Administrator) to DOT, 30 November 1967, and memorandum, Defence (L.G. Poyser (First Assistant Secretary, Defence Planning, Defence)) to DOET, 23 January 1968, *ibid.*

8 See footnote 1, Document 46.

9 Minute, Ballard to Swift, undated, NAA: A452, 1966/2664.

publicity.¹⁰ Other questions remained. A call-out under the Defence Act removed legal prohibitions to military intervention, but forms of intervention both by the army and civil authorities had to be delineated in PNG law.¹¹ This, in turn, was politically sensitive. Territories decided on a two-phase approach. To begin, the Administration would institute lower-profile changes such as provisions for the closing of roads and powers of arrest and search for military personnel assisting police.¹² This would be done through amendments that were to be 'introduced [into the House] as inconspicuously as possible and should not appear to be rushed through as provisions specifically related to an internal security situation'.¹³ The second phase would be to table more explicit and drastic emergency legislation when 'a situation of the kind with which it is designed to deal has actually arisen'.¹⁴ It was considered that the House would not otherwise pass such measures. As Cleland wrote, 'after mature thought this proposed [emergency] bill should not be introduced at this stage ... it would require very good public relations and explanations beforehand'.¹⁵ Ballard also believed premature presentation 'could draw strong criticism in both the United Nations and Australia'.¹⁶

The implementation of this two-stage tactic became problematic. It was not until August 1968 that legislation enabling military assistance to the police was put to the House.¹⁷ Ironically, after being passed, the provisions were judged ineffectual by Attorney-General's. An alternative was found,¹⁸ but this was not brought before the House by the end of 1969.¹⁹ Similar difficulties plagued the quest for stronger public order powers short of specific emergency legislation. By the time violence broke out in the Gazelle Peninsula in December of the same year, changes had been neither tabled nor drafted.

10 Memorandum, DOT (Swift) to Administration, 18 August 1967, *ibid.*

11 Memorandum, DOT (Swift) to Administration, 12 October 1967, *ibid.*

12 *loc. cit.*

13 Draft memorandum, DOT (Swift) to Defence, undated, *ibid.* See also note by Ballard and Legge, undated (c. August–September 1969), *ibid.*

14 Draft memorandum, DOT (Swift) to Defence, undated, *ibid.*

15 See minute, Fenbury to Hay, 2 October 1967, *ibid.*

16 Note by Ballard and Legge, undated, *ibid.* The two-step method was challenged by Fenbury—who wanted to introduce emergency legislation immediately (see minute, Fenbury to Hay, 2 October 1967, and minute, Ballard to Warwick Smith, 2 August 1968, *ibid.*)—but the method was retained (see, for example, telex 270/6090, DOET to Administration, 22 August 1968, *ibid.*, and telex 681, Ballard to L.J. Curtis (Secretary for Law, PNG), 22 November 1969, NAA: A452, 1969/5637) with slight modification.

17 Memorandum, DOET (Ballard) to Administration, 13 September 1968, and memorandum, Administration (Hay) to DOET, 14 November 1968, NAA: A452, 1966/2664.

18 Minute, Ballard to Warwick Smith, 11 December 1968, and memorandum, DOET (Warwick Smith) to Administration, 1 March 1969, *ibid.*

19 See paragraph 26, interdepartmental report on military aid to the civil power, 30 December 1969, under cover of memorandum, G.L. Prentice (Secretary, Defence Committee) to Defence Committee, 22 January 1970, NAA: A1209, 1969/9031 part 2.

51 NOTE BY DEANE¹ ON CABINET SUBMISSION NO. 349²

Canberra, 15 July 1966

CONFIDENTIAL

Grant for Papua and New Guinea Administration in 1966/67

The Minister is seeking an initial Commonwealth grant for Papua and New Guinea of \$72.9m. in 1966/67, plus approval of a further unspecified grant during the year to meet additional salary costs for overseas and local officers expected as a result of arbitration decisions.

The initial grant sought represents an increase of \$10.9m. or 17.6% above the grant for 1965/66. This is well in excess of the rate of increase in the grant over the last couple of years, namely of the order of \$6m. p.a. or about 11%.

There are some inescapable commitments to be met in 1966/67 including the establishment of tertiary education institutions and the Development Bank and special measures for the Police, etc.. These are expected to add about \$5m. to Territory expenditure. As we see it, some additional increase in the grant can be justified on the grounds of ensuring reasonable growth.

While the Submission states that priority is being given to expenditures to strengthen the productive potential of the Territory and advance the indigenous population, there is nevertheless a decline of economic-type expenditure from 32.4% in 1965/66 to 31.4% in the proposed Budget. On the other hand, the percentage of Social Service expenditure is expected to go up by almost 2% of the total Budget. This, of course, is out of harmony with the World Bank Report, {which} the Government has accepted as a guide, and which has stressed the importance of building up the economic side and the need to contain expenditure on non-productive activities. We think that Ministers should give particular consideration to this aspect.

Ministers might also consider whether the marginal increase of 0.2% in the proportion of total expenditure to be met from internal revenue and loan raisings is a realistic upper limit.

Clearly the Commonwealth grant will have to be increased this year by at least \$5m. The fact that further supplementary assistance is likely to be needed during the course of the year to meet additional salary expenditure suggests that something less than the total amount now sought is warranted. No doubt the Treasurer will have a specific figure to recommend.

[NAA: A5841, 349]

1 R.P. Deane, Assistant Secretary, Economic Policy, PMD.

2 Document 47.

52 SUBMISSION NO. 262, MCMAHON TO CABINET

Canberra, 19 July 1966

CONFIDENTIAL

Treasury analysis of submission no. 349: Grant for Papua and New Guinea Administration¹

The Minister for Territories is seeking an initial Commonwealth grant of \$72.9 million for the Administration of Papua and New Guinea in 1966–67. *This is \$10.9 million or 17.6 per cent greater than the grant in 1965–66.* The figures for 1966–67 make no allowance for the basic wage increase but the Minister has foreshadowed that he may seek a supplementary grant towards the cost of this increase and an expected increase in local wages.

Grants to the Administration have increased as follows:—

	Grant	Increase Over Previous Year
	\$m.	\$m.
1959–60	25.6	2.6
1960–61	29.6	4.0
1961–62	34.6	5.0
1962–63	40.0	5.4
1963–64	50.5	10.5
1964–65	56.0	5.5
1965–66	62.0	6.0
1966–67 (Requested)	72.9	10.9

Last year, at this time, we decided on a grant of \$62.0 million (Decision No. 1086 (M))² after considering two submissions one of which related to a special programme of recruitment and housing of overseas officers. The Ministry noted the Minister's recruitment and housing proposals but did not record a definite conclusion. In these circumstances it can hardly be implied, as is done in paragraph 6 of the present submission, that the Government has approved specific programmes for expatriate recruitment and special housing.

The grant of \$62.0 million to the Administration for 1965–66 enabled the Treasurer of the Territory to present to the House of Assembly last year a budget totalling \$102.3 million of which the Commonwealth grant accounted for 61.5 per cent. We are now being asked to approve a grant of \$72.9 million toward a total budget of \$121.8 million. The proposed expenditure in 1966–67 is some 18 per cent greater than estimated expenditure of \$103.4 million in 1965–66.

I think we all recognize the need to push ahead with the development of Papua and New Guinea and that, as a consequence, our contribution to the Territory will continue to increase year by year. I must say, however, that I entertain considerable doubt as to

¹ Document 47.

² Not printed.

whether the direction of proposed expenditure in 1966–67 is giving sufficient priority to the need to develop the economy of the Territory. ‘Economic’ expenditure is estimated to absorb 31.4 per cent of total expenditure in 1966–67—a fall of 1 per cent compared with 1965–66. This seems to me to be a movement in the wrong direction, particularly as the Bank Mission suggested that average expenditure on the ‘economic’ sector should represent about 34.7 per cent of total expenditure. The Minister’s claim that a substantial part of housing expenditure (which is included under the classification of ‘Social Services’) relates to economic development does not affect this comparison. Expenditure on the ‘Social Services’ function (including housing) which the Bank Mission suggested should average 31.6 per cent of total expenditure is expected to increase in 1966–67 from the estimated actual 1965–66 figure of 32.1 per cent to 33.9 per cent. These figures suggest to me that a more determined effort should be made to shape the expenditure patterns from the Budget to accord more closely with those put forward by the Bank Mission which laid special emphasis on the continuing need for economic development rather than the expansion of welfare services.

Of the \$18.44 million increased expenditure, the following major items, which have been approved specifically by Cabinet or are special commitments in the nature of salaries and conditions of employment, account for \$5.26 million (as mentioned in paragraph 3, Cabinet has not approved specific programmes for expatriate recruitment and housing).

	Estimated Increases over Expenditure 1965–66 \$m
Papua/New Guinea Development Bank	1.00
” ” ” University	1.69
Institute of Higher Technical Education	0.59
Police Constabulary	
—conversion to full cash payment and improved allowances	0.90
—improved quarters	0.38
Overseas Officers	
—application to the Administration Public Service of salary adjustments for Commonwealth Third Division officers arising from Determination No. 104	0.70
[total]	5.26

If the ‘committed’ expenditure of \$5.26 million is deducted from the proposed overall increase of \$18.44 million, the balance of \$13.18 million would represent an increase of 12.7 per cent over the actual 1965–66 expenditure figures. This in itself is quite a sharp rate of increase.

Although I appreciate that the needs of the Territory must inevitably make increasing demands upon us, *we must, I suggest, look carefully at the rate of increase in those demands*. In this context, I may say that it is encouraging to note that a Bill is now before the local House of Assembly which, if passed, will lift the Territorial revenues from income taxation by collecting more from the indigenous population. The expected

increase in revenues on this account in 1966–67 is put at \$750,000. But I also observe that the Minister is foreshadowing a supplementary grant to meet the costs (as yet unknown) of the local wages case and the effects of the national wage case (roughly estimated to cost about \$580,000 gross).

All in all, I think that at this stage we would be doing justice to the Territory's claim on our bounty if we were to make a grant towards a budget based on a 10 per cent increase on actual expenditure in 1965–66 plus \$5.26 million for the 'special' expenditures listed above. This would mean a Territory budget of \$118.9 million for 1966–67. Since it is estimated that internal revenue and loan raisings will contribute \$42 million and \$6.94 million respectively, a grant of \$69.96 million would be required. If we round this up to \$70 million our contribution would be 59 per cent of a total budget of \$119 million.

I recommend approval of a grant of \$70 million to the Territory Administration for 1966–67.³

[NAA: A5841, 262]

53 LETTER, BARNES TO HAY¹

Canberra, 27 July 1966

I have written to you separately today informing you that the Governor-General has appointed you Administrator of the Territory of Papua and New Guinea. There are however, some matters associated with the appointment which it would be useful to place on record. These are matters which I consider it is important for the Administrator to keep under notice continually although this letter does not purport to be a comprehensive or exclusive statement of such matters.

The office is one which combines unusual and varied responsibilities. Section 13 of the Papua and New Guinea Act 1949–1964 under which the appointment is made defines it as the Administrator's duty to administer the government of the Territory on behalf of the Commonwealth and a further section of the Act lays down that the Administrator shall exercise and perform all the powers and functions that belong to his office in accordance with the tenor of his Commission and in accordance with such instructions as are given to him by the Governor-General.

It is not the practice for Governor-General's instructions to be issued to Administrators of Papua and New Guinea. The responsible Minister makes known his instructions or his views orally or in writing personally or through the Department of Territories.

The Administrator has representational responsibilities as head of the government of the Territory; in this capacity he represents the Commonwealth Government and does not directly represent the Sovereign. By virtue of these responsibilities he occupies the Official Residence at Port Moresby (Government House) and meets and entertains important people visiting or passing through the Territory and periodically himself visits the various areas of the Territory.

³ Cabinet accepted this recommendation on 20 July (Cabinet decision no. 370(M), NAA: A5841, 262).

¹ Former diplomat David Hay, whose appointment as Administrator of PNG, effective as from 9 January 1967, was approved by Cabinet on 19 July (NAA: A5839, 362).

Ordinances passed by the House of Assembly are presented to the Administrator who may (except in certain cases) assent to them, withhold assent, reserve the Ordinance for the Governor-General's pleasure or return the Ordinance with recommended amendments.

Many of the Ordinances of the Territory confer statutory authority on the Administrator or the Administrator-in-Council. The Administrator-in-Council means the Administrator acting after he has received the advice of the Administrator's Council. If the Administrator does not follow the advice of the Administrator's Council he is obliged in relation to matters where he is required by ordinance to seek that advice to cause a statement of his reasons for not following that advice to be laid before the next sitting of the House of Assembly.

The setting-up of the House of Assembly with wide powers to make ordinances on any subject for the peace, order and good government of the Territory subject only to Commonwealth Acts and the Governor-General's disallowance; the establishment of the Administrator's Council with some members drawn from the House of Assembly which can advise the Administrator in the conduct of the executive government of the Territory; and the creation of the posts of Parliamentary Under-Secretary are measures designed to give the representatives of the people of the Territory an effective voice in the Territory's government. It may be expected that further measures will be taken to this end from time to time.

The transition from Government by officials subject to complete direction by the Administrator and through him by the Minister to representative government is not an easy one. It is difficult in some cases for officials accustomed to exercising authority in their own sphere at varying levels and unaccustomed to working within the normal framework of departmental activities under responsible government, to pay proper regard for the position of elected representatives in the community and in administration. It is necessary for the Administrator to pay close attention to the Administration's relationships with the elected representatives, and especially to develop the Administrator's Council and the system of Parliamentary Under-Secretaries so that the elected representatives increasingly participate in the executive government and feel that they are doing so.

At the same time, until the Territory becomes self-governing the Administrator is accountable to the Minister who is in turn accountable to the Commonwealth Parliament. This means that not only can the Minister be questioned on any aspect of administration but that policies and all financial arrangements are subject to the approval of the Minister, the Cabinet or the Parliament. In these decisions official and non-official Territory opinion is of course taken fully into account.

It is the Administrator's prime function to see that the policies of the Government as conveyed to him by the Minister or by the Secretary are effectively carried out.

This requires that the Administrator shall have as complete as possible an understanding of Government policy intentions. For this he will rely on instructions and other communications, oral or written, received from the Minister either direct or through the Department of Territories and on discussions of policy issues with the Minister and the Secretary. It is the Secretary's responsibility to advise the Administrator of the way in which Government policy should be interpreted in relation to any particular question.²

2 Hay later reflected that this 'struck me as a curious form of expression. I didn't ... see that in any sense it's a Secretary's formal responsibility to do that ... This is a responsibility really of a Minister, and a Secretary can act on behalf of a Minister in doing so. I had a problem in the back of my mind on that, but in general the instructions seemed to be so satisfactory that I didn't make an issue of it' (transcript, interview of David Hay by Mel Pratt (hereafter Hay interview), 1973-4, NLA: TRC 121/65, 2:2/32-3).

The Administrator in carrying out the day to day activities of the government of the Territory will do so within approved policies, individual formal Ministerial approval for particular policies being sought as required. This also applies to the introduction of official Bills in the House of Assembly.

The Permanent Head of the Department has the statutory function of advising the Minister in all matters relating to the Department and is responsible for all the business of the Department. The Department has the responsibility of examining all proposals submitted from the various Territories and advising the Minister about them as well as carrying out certain specific functions on behalf of the various Administrations.

In formulating policy or in formulating recommendations to Cabinet regarding major policies the Minister will wish to have before him the views of both the Administration and the Department. On major questions the Minister expects that the Administrator and the Secretary will work out a common view regarding the policy that ought to be adopted. Where however there remains a significant difference of view it is the responsibility of the Secretary to see that the Minister is fully informed of the views of the Administration and where the Administrator so requests, to see that the Administrator's personal views are put before the Minister. In any case, in respect of any major issue the Administrator may, if he considers it necessary, arrange to put his views directly and in person to the Minister.

It is expected that in putting forward his recommendations on policy the Administrator will take account of significant Territory public opinion where this has a bearing on the decision to be made. More especially this is of concern to the Administrator as he has particular responsibility not only to ensure that his advice contributes to sound policy decisions and that the policy as decided is effectively carried out in the Territory but also to ensure that there is an understanding in the Territory community of the reasons for the policy and that it is put into effect with the fullest possible support of the community.

The situation in which proposals of the Administrator come before the Minister with advice of the Department is in accordance with constitutional practice and the Public Service Act. It is nevertheless a situation in which in practice some conflict and friction between departmental and Administration officers is likely to occur. The effective carrying out of the Government's policies cannot be allowed to be prejudiced by lack of co-operation at the official level and the Minister must look to the Administrator and the Secretary to establish and maintain arrangements which will result in close and fully effective teamwork. Clearly this will require relationships between the Administrator and the Secretary of mutual confidence, frankness and plain dealing.

The organisation and establishment of the Administration is provided for under Territory Ordinance. In connection with proposals for change in the top structure of the Administration the Minister will expect to have before him the views of the Administrator and the Public Service Commissioner as well as of the Secretary. The direct administration of the Territory Public Service, in a personnel sense, is in the hands of the Public Service Commissioner who is responsible direct to the Minister. It is important that the Administrator and the Public Service Commissioner each carry out his responsibilities with full regard for the responsibilities of the other.

Appointments and promotions to the Public Service of the Territory are governed by the Papua and New Guinea Act and the Public Service Ordinance of the Territory. Appointments to senior positions such as Departmental Heads and Assistant Administrators and to statutory positions generally (which will no doubt increase in number) are made by the Minister on the advice of a committee consisting of the Administrator, the Public Service

Commissioner and the Secretary of the Department. In the past the Committee has almost always made unanimous recommendations and it is expected that this would continue to be the case in the future. In any instance however of a recommendation by the Committee in which the Administrator does not concur the Administrator's dissenting views will receive particular consideration.

Commonwealth Departments and authorities such as the Department of Civil Aviation, the Commonwealth Department of Works and the Australian Broadcasting Commission as well as the Armed Services operate in the Territory. The activities in the Territory of these organisations are not subject to the control of the Administrator but where their operations affect the overall government of the Territory it is necessary for the Administrator to see that he is kept informed. Liaison with the Central Offices of these organisations is maintained by the Department and in the Territory smooth-working arrangements for day to day contact and co-ordination are obviously necessary. Should the Administrator however consider that the interests of the Territory as a whole require some adjustment in the operations or policies of one of these authorities it is open to him to bring the matter under the notice of the Minister for Territories.

The normal channel of communication from the Administrator to the Minister is by memorandum or message to the Secretary, Department of Territories.

The channel from the Administrator to any other Commonwealth Department or Minister (other than local matters appropriate for discussion in the Territory with the Territory representative of the Department concerned) is through the Department of Territories. Similarly if the House of Assembly wishes to put a resolution before the Commonwealth Government it should do so by requesting the Administrator to transmit it to the Minister for Territories whose responsibility it is to decide regarding approaches to other Ministers.

These comments refer to the question of relationship with Commonwealth authorities in a general way. There is also the specific question of the maintenance of civil law and order. Military forces of the Commonwealth in the Territory cannot act in relation to the maintenance of law and order in the Territory without the explicit and specific authority of the Government. If in the Administrator's opinion it should become necessary to invoke military forces in aid of the civil power to maintain law and order the correct course of action would be for the Administrator to request the Minister to take the necessary action.

The Minister and the Department need to be kept informed generally on events and attitudes in the Territory. Regular sources of information are monthly reports, minutes of the House of Assembly and the Administrator's Council and the Central Policy and Planning Committee. The Minister must rely on the judgment of the Administrator to inform the Department immediately on events of special gravity or significance or on happenings which although not necessarily important from a policy viewpoint may nevertheless be the subject of Parliamentary or press enquiry. In his public utterances and press announcements the Administrator must exercise judgment on what matters have implications beyond the Territory and should therefore be made public by the Minister.

There are three particular areas of policy with which the Minister especially needs to keep closely in touch and concerning which the arrangements for co-operation between the Department and Administration need to be kept under continuing review. These are—constitutional development, financial arrangements and basic economic development policies.

The Administration has its own Treasury from which moneys are spent in accordance with Appropriation Ordinances. The collection and payment of Public Moneys are governed by the Treasury Ordinance, Regulations and Rules. Section 41(1) of the Treasury Ordinance authorises the Administrator or an officer appointed by the Administrator for the purpose to approve requisitions for services, stores and other supplies for the Territory; but the Minister for Territories has directed that the Administrator may not approve such requisitions where the expenditure involved exceeds \$100,000 unless the Minister's prior approval has been obtained.

The Administration Contracts Ordinance empowers the Administrator, or an officer of the Public Service authorised in writing by the Administrator, to enter into contracts on behalf of the Commonwealth in its administration of the Territory but requires that he will not enter into or execute any contract or agreement under the Ordinance which involves an expenditure exceeding \$100,000 unless he has first obtained the approval in writing of the Minister.

To sum up, it might be said for present purposes that the Administrator's main tasks are to maintain law and order; to contribute his suggestions and advice towards the formulation of policies with respect to political, economic and social advancement of the Territory and its people; and to carry out those policies in such a way, and in harmony with the Government's longer term objectives in relation to the Territory, that the process of change is a smooth one and that a programme of balanced development can be progressively achieved without divisive effects.

In appointing you as Administrator the Government demonstrates its confidence that in carrying out the task of the appointment you will be sensitive to the Government's policy intentions whether broad or specific and assiduous in applying them in the spirit as well as in the letter.³

[NAA: A452, 1966/6185]

3 Later in the year when Warwick Smith was preparing to discuss the letter with the Minister, Swift minuted the Secretary: 'Matters which might be stressed are—(a) Identification of matters on which action should not be commenced in the Territory without clearance from the Minister, e.g.—(i) detailed handling of matters with constitutional implications; (ii) matters having significant financial implications; (iii) Administration proposed ordinances introducing new policy principles ... (b) Changes in the system of executive government will place a heavy responsibility on the Administrator to ensure that while giving full scope to the elected members of the House and of the Administrator's Council and those members appointed as Parliamentary Secretaries or Under-Secretaries to take a real and increasing part in decision making, he identifies for the members and for Administration officers the point at which local decision making should give way to consideration by the Minister and sees that local decision making is not carried past this point. There is, for example, a limit to which executive decision can be taken while the present financial arrangements continue, but the application to day to day matters of this limit is insufficiently understood' (13 December 1966, NAA: NA1983/239, 20/8).

54 BRIEF FOR HASLUCK¹

Canberra, undated

CONFIDENTIAL

West Irian and Papua New Guinea*[matter omitted]**(ii) West Irian exile organizations*

There are two political organizations in the Netherlands set up by political leaders from West Irian who left the country before the Indonesian take-over. One is the Papuan National Front, chaired by Marcus Kaisiepo, a cousin of the present Governor of West Irian. The other is the Freedom Committee for West Irian, chaired by Nicolaas Jouwe. Jouwe was originally a member of the PNF but left because of personal differences with members of the PNF executive.²

The stated aims of both organizations are legitimate: they wish to attract international attention to developments in West Irian and to ensure that Indonesia fulfils her obligations under the 1962 agreement. Inevitably, however, their activities are bitterly anti-Indonesian and they maintain clandestine contacts with underground organizations in West Irian.

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- 1 Hasluck announced on 3 August that he would visit Djakarta for a 'few days', beginning on 8 August. Alluding to changes in the Indonesian Government following the failed coup of late 1965 (see footnote 9, Document 12), Hasluck commented that 'the Australian Government believed ... it would be very useful for him to take an early opportunity to meet the leaders of the new Government in Indonesia and to gain first-hand knowledge of their thinking about the future and about their current and long-term problems' (cablegram 2304, DEA to Washington, NAA: A6366, JA1966/05T). Hasluck's remarks came on the heels of strong indications by Djakarta that the 'confrontation' of Malaysia would soon be officially ended (see savingram 33, Djakarta to DEA, 28 July 1966, NAA: A6364, JA1966/01S).
 - 2 An anonymous DOT paper dated 'April 1968' explained the origins and development of the PNF in the following terms: 'In December, 1961, as a step toward self-government for the territory, the Netherlands Government inaugurated a Netherlands New Guinea Council and approved the adoption of a national anthem and flag. The membership of the Council was largely indigenous and from the outset it was opposed to Indonesia's claim to Netherlands New Guinea and supported continued Dutch tutelage until such time as the territory became independent. The Council, however, was short-lived as the Netherlands Government's acceptance of the Bunker proposals, under considerable international pressure, led to the United Nations Temporary Executive Authority assuming control of the territory in August, 1962. The embryo political parties represented in the Council provided the leaders who later resisted the Indonesian succession and left to carry on their opposition abroad as the Front Nasional Papua (FNP—Papuan National Front) ... The FNP established itself in the Netherlands and was directed by an executive which included M.W. Kaisiepo (Chairman), Nicolaas Jouwe (Vice-Chairman), Fillemon Jufuway, Origines Ong Kubuan and Herman Womsiwor. All were former members of the Netherlands New Guinea Council, Kaisiepo and Jouwe having held executive positions ... This executive remained at least formally united until the latter half of 1964 when the FNP split into two separate organisations: "The Freedom Committee for West Papua/West New Guinea" (KKPB) headed by Jouwe, and "The High Court of the Chamber of Representatives of West Papua/Melanesia" led by Kaisiepo who also describes himself as "President-in-Exile". This split occurred because of personal animosities among the leaders of the FNP rather than because of differences on points of principle ... Both groups established representatives in New York and in 1967 the Freedom Committee was reported to have moved its permanent headquarters there. In addition a small group of West Irianese residing in TPNG led by Benedictus Sarwom has set up a branch of the FNP in Port Moresby. It does not as a body carry on its activities publicly. Sarwom has been corresponding with both nationalist factions but, while he supports the general objectives of both, he has not committed himself to exclusive support of either group' (paper entitled 'Activities of West Irian Nationalists Abroad', NAA: A452, 1967/4460).

A recurrent theme in their publications is that of an independent West Irian linked to Papua New Guinea.

The Indonesians inevitably nurse some suspicions of our attitude to these organizations and suspect that communications between the Netherlands and West Irian passed via Papua New Guinea (which no doubt is sometimes the case). We have therefore maintained a very strict attitude towards both the PNF and the Freedom Committee. All posts have been instructed to avoid so far as possible having any contact with members of the organizations; requests by Jouwe and Kaisiepo to be permitted to visit Australia have been refused; and letters from them addressed to the Prime Minister and yourself have not been answered. Jouwe transitted Sydney last year en route from the Philippines to the U.S.A. but was only there for a few hours.

The Australian Ambassador in The Hague recently informed Sadjarwo, his Indonesian colleague there, that you had rejected a request by Jouwe to be permitted to visit Australia. Sadjarwo said he thought this was a wise policy for us to adopt and commented that in his opinion exiles such as Jouwe were good people but misguided.

It may be worth telling Malik³ that we have deliberately kept the exile organizations at a distance and have not allowed any of their members to visit Australia or Papua New Guinea.

(iii) Refugees from West Irian

Since the Indonesians took over the administration in West Irian in May 1963, there have been approximately 50 crossings by persons either singly or in groups, involving a total of approximately 700 people seeking permanent residence in Papua New Guinea. Most of these have been prompted by economic pressures or by general discontent. Only 11 of the crossings can be regarded as specifically motivated by political considerations.

Permissive residence in the Territory since that time has been granted to a total of 19 persons. In two cases these have concerned Indonesians ...

All the other refugees accepted have been West Irianese. Only one official, Benjamin Tonenggo, a policeman from Merauke, has crossed into Papua New Guinea. He has since been convicted on criminal charges and is at present serving a two-year gaol sentence. Before his last conviction, you had decided that Tonenggo should be returned to West Irian. Though the Indonesians are certainly suspicious of the activities of West Irianese refugees in Papua New Guinea and try to intercept persons attempting to cross into the Territory, they probably recognize that we have attempted to maintain strict supervision over border crossings. They have also been told that we require refugees given residence in Papua New Guinea to refrain from all political activities, although this advice—originally given to Dr. Subandrio⁴—may not be widely known.

We have not had any substantial dialogue with the Indonesians on this subject for a long time and it might be useful for you to explain to Malik the general lines of our policy towards refugees, emphasising that only in cases where there are apparently genuine humanitarian reasons for allowing a person to remain in Papua New Guinea is this permitted, and the decision in such cases rests with you and the Minister for Territories.

³ Adam Malik, Foreign Minister of Indonesia.

⁴ Foreign Minister of Indonesia, 1957–66.

You might say that it is in both Australian and Indonesian interests for our Governments to maintain a flexible attitude towards tribal movement in the border area, and that where there is any need for discussion on particular cases this is best done quietly and on a commonsense basis.

(iv) West Irianese students in Papua New Guinea

At the time of the transfer of the administration of West Irian to Indonesia, Dr. Subandrio agreed that two groups of West Irianese students, who were studying in Port Moresby ... should complete their training at our expense.

[matter omitted]

The Indonesians have no strong claims on any of these students. They came to Papua New Guinea while their homeland was still controlled by the Dutch, and the Indonesians have not contributed to their expenses. However, we did consult with the Indonesians about them in 1963 and thus have admitted a legitimate Indonesian interest in their future. There is of course an obvious need for trained personnel in West Irian. It was felt that the Indonesians should be consulted in this case because of our general policy that in all practical questions relating to West Irian, the Indonesians should see that we deal openly with them. If the Indonesians do eventually ask that the students should be returned, it is probable that at least some of them will refuse to go. If that situation arises we would hope that, by pointing out to the Indonesians the considerable unfavourable publicity in Australia likely to be touched off by any move to bring pressure to bear on the students and by stressing our mutual interest in not straining relations on minor issues such as this, the Indonesians could be brought to agree not to press the matter.

(v) New Guinea border⁵

Joint marking of the border between West Irian and Papua New Guinea began late in June and two of the seven agreed positions between the North Coast and the Star Mountains have now been determined and marked. The marking of position No. 3 in the Sekotchiau area should be completed by the time you visit Djakarta, and it is hoped to finish at least six of the positions by the end of September. Relations between the Indonesian and Australian teams have so far been excellent and we have assisted the Indonesians to a considerable extent with transport and fuel supplies.

There will need to be a further meeting towards the end of this year or early in 1967 on procedures for marking the positions from the Star Mountains to the South Coast. On the principle of rotation this meeting should be held in Djakarta. We will also, in due course, need to exchange notes with the Indonesians to confirm the findings of the surveyors and accept the markers which they have erected.

At the Canberra meeting last May the Indonesians said that what is at present being marked is the position of the meridian forming the border rather than the border itself. We have no reason to believe that this indicates any disposition to go back on their 1964 acceptance of the position of the border as defined in international agreements. It is rather that they are concerned about how to handle the question of villages or village lands

⁵ See editorial note 'Survey of the border between West Irian and PNG'.

which may be found to be astride the border. In commenting on the results of the May meeting, you said:

‘Agreement to the marking of the meridians in the first instance does not imply any commitment to vary the border. I would have a strong and clear view that the border should follow the 141st meridian scrupulously and that the movement of villages (or arrangements for cross border movement) would be the most practical way of dealing with the occasional instance in which the village lands straddle the meridian.’

When the lines between the fourteen positions are surveyed, some village problems may arise. For example, it is quite likely that the meridian in the Bensbach area will be found to pass close to the West Irianese village of Sotar, cutting it off from what have been traditionally regarded as village lands. It may be desirable for us to keep in mind the need to offer small-scale financial and technical assistance to the other side if it is agreed that the meridian should in all cases be maintained as the border and if this should involve (as with Sotar or other villages) the possible movement of a village site and the clearing and development of new land.

(vi) Health co-operation

You agreed in 1964 that we should explore the question of co-operation between the Administrations in Port Moresby and Sukarnapura in the field of health. As a result, Dr. Suling of the Indonesian Ministry of Health visited Papua New Guinea in August of that year and both sides agreed to exchange information on various topics relating to human and animal health. Dr. Scragg paid a return visit to Djakarta and to West Irian early in July this year. He found this to be of considerable value and it is likely that as a result of his visit the exchange of information (which until now has been minimal) will improve and relations between the health services in the two halves of the island will grow closer. Dr. Scragg invited his counterpart in West Irian, Dr. Budihartono, to attend a medical congress in Papua New Guinea at some time in the future.

(vii) Wider co-operation between West Irian and Papua New Guinea

Indonesia has followed a policy of non-interference in respect of Papua New Guinea. While the reasons partly are found in Indonesian–Australian relationships generally, it seems reasonable to assume that they favour for the present a mutual ‘hands off’ policy. They are still uncertain about their grip on West Irian and do not wish, by interfering in Australian New Guinea, to stimulate counter-action from our side of the border. They are also sensitive about the repercussions in West Irian of progress in Papua New Guinea. For example, Drs Legowo (Secretary for West Irian Affairs to the Foreign Minister) recently told the Embassy in Djakarta how important it was from the Indonesian viewpoint that there should not be dramatic political advances in Papua New Guinea before 1969.

This probably means that for the present the Indonesians are not looking for an appreciable widening of contacts and co-operation between the two halves of New Guinea, although Malik did say to an A.B.C. reporter that ‘the two countries shared a common responsibility and task in West Irian and New Guinea’. This way of putting things is at the least a refreshing change from the jargon of neo-colonialism and the way Malik cut through Indonesian inhibitions over joint work on the border also illustrates a practical and direct attitude. Perhaps we should be willing to show ourselves responsive to the principle of

there being wider contacts between the two Administrations in New Guinea. In practice, any developments could be handled cautiously and kept on a small scale.⁶

[NAA: A1838, 3036/14/1 part 5]

55 MEMORANDUM, ADMINISTRATION (CLELAND) TO DOT

Port Moresby, 2 August 1966

Preparation for the establishment of a Papua and New Guinea diplomatic service

1. Papua and New Guinea must eventually have its own diplomatic service, providing specialised advice on external affairs to the government of the day and permanent representation in areas of continuing interest. Such a service would, of course, not be formally constituted before the time of self-government or independence, but a considerable time could elapse before more than a few trained and competent local officers are available to assume positions of responsibility in this field. This indicates an immediate need to begin training suitable recruits, who could later (and before establishment of our own service) carry out diplomatic and consular type duties of increasing responsibility under the aegis of the Commonwealth Department of External Affairs.

2. Basic proposals for the recruitment and training of local officers in the international relations field were submitted to the Public Service Commissioner¹ last January, in the context of needs for the executive development of local officers within the Department of the Administrator. Following subsequent discussions, the Public Service Commissioner suggested that before attempting to work out organisational details for consideration by the C.P.P.C., it might be useful to have your comments, and those of External Affairs, on the general policy issues involved. The essential details of a scheme, as we see it, are outlined below.

6 In discussions on 9 August, Hasluck said to Malik that 'East New Guinea would one day be independent and he thought would be well prepared and with its population would be capable of a genuine national existence'. Conversation subsequently moved to the New York Agreement (see paragraph 8, Document 12), which Malik said would be implemented by Indonesia (record of conversation between Hasluck and Malik, 9 August 1966, NAA: A1838, 3034/10/1 part 28). H.M. Loveday, the Australian Ambassador to Indonesia, later wrote to Jockel that in January 1967 Malik had raised privately with Hasluck 'the possibility of Australian assistance to Indonesia in West Irian, particularly on the training side, and ... of possible training in Papua/New Guinea'. Hasluck responded 'frankly that the Government would not be prepared to have trainees from West Irian in Papua/New Guinea because of the potential political problems—and he enumerated these—which they could cause'. Hasluck told Loveday that he thought Malik 'fully took this point' (letter, Loveday to Jockel, 3 February 1968, NAA: A1838, 3034/10/1/4 part 1). Hasluck was later described by Plimsoll as taking a 'cautious' view generally about exchanges between PNG and Irian: 'He did not want opinion in any of the countries or territories concerned to get the impression that any close co-operation was likely to develop. Behind the idea of [previous] co-operation of the Dutch [with Australia] had been the notion of a possible ultimate common future for the two territories. But now the only course was for the two territories to go their separate ways'. Expressing a DEA view, Jockel felt that 'we should be careful about pointing up relations with West Irian at this particular time' because the 'Territory may be heading for a lot of internal dissent and turmoil' (minute, Jockel to J.M. Starey (Acting Head, Malaysia and Indonesia Section, DEA) and H.D. Anderson (Assistant Secretary, South-East Asia Branch, DEA), 28 March 1967, *ibid.*).

1 G.D.S. Somers.

3. The goal would be an organisation functioning generally on the same lines as the Department of External Affairs, and comprising a corps of career diplomats supported by a consular and administrative service. The immediate considerations are:

- (a) The availability of suitable recruits;
- (b) Development of a training plan;
- (c) Creating and filling training officer positions;
- (d) Co-operation and support from the Department of External Affairs.

Availability of suitable recruits

4. Career diplomatic staff require particular personal attributes as well as formal academic qualifications and specialised training. The current Australian practice, as we understand it, is to select cadets from the available graduates in relevant schools, preferably at honours level. It is doubtful whether Papua and New Guinea should wait until there are sufficient graduates offering for selection. Presently there are a few local students in Australian universities, and fifty eight in the preliminary year at our own University. Competition will be keen for the first graduates not already committed to a particular vocation and the field for selection of trainee career diplomats would probably be very small for some years.

5. The alternative approach, which seems necessary at this stage, is to recruit at the School Certificate level. Recruitment for such a specialised career at this level presents considerable problems, and any scheme of recruitment and training would be heavily dependent on the advice and co-operation of the Department of External Affairs and the use of available psychological services.

6. It is contemplated that the intake, spread over a period of four years, would be a maximum of 12 diplomatic cadets and 15 trainees for consular and administrative work.

Training plan

7. In broad terms, *diplomatic cadets* would be taken to a (Minimum) pass degree at the University, with a major in political science/government and studies in English, a modern foreign language, history and economics. A further period of perhaps four years 'on-the-job' training would be divided between attachments to Commonwealth Departments, Australian posts overseas, tours of duty in the Territory and perhaps post-graduate studies.

8. *Trainees for the consular and administrative service* would take the University preliminary year or a course at the Administrative College, together with in-service training and perhaps studies in specialised fields such as accountancy, followed by two or three years 'on-the-job' training in Australia and overseas.

9. As already mentioned, we would rely on the Department of External Affairs not only for advice on the inauguration of a scheme but as a source of supervised training and field experience.

10. I would appreciate it if you will consider these outline proposals and discuss the matter in principle with the Department of External Affairs, who could be asked to give preliminary comments. It might be useful then for an officer of that Department to come to the Territory and have discussions with Administration officers.²

[NAA: A452, 1966/3850]

2 In a marginal note for Swift of 6 August, Warwick Smith remarked: 'I shd like to see a priority list of activities in which training is required so that diplomatic activity can be placed in a framework of considered priorities'.

56 MIS NO. 7/66

Port Moresby, 5 August 1966

SECRET

Unrest in the Territory

The tension that has existed amongst indigenous police, soldiers, public servants and students, caused by dissatisfaction with pay and conditions of service, has eased following the introduction of the cash conversion scheme for the two former groups and the uncertainty resulting from the announcement regarding the revised Public Service salary scale which will ultimately affect all groups.¹

2. Despite the easing of tension, dissatisfaction with current rates of pay still exists amongst all groups. The fundamental cause of the dissatisfaction remains the resentment of indigenes towards wage differentials. Police and soldiers were disappointed that they did not receive the substantial salary increases they had expected. The announcement of the 11th July regarding the revised Public Service salary scale has again raised the expectations of all groups, who, whilst not understanding the implications of the revision, are under the impression that it will provide for substantial pay increases.

3. Whilst all groups continue to expect salary increases, they are confused over the issues involved and are unaware of the amount of actual cash in hand they will ultimately receive under the revised rates, and whether or not increases, if any, will be absorbed under the non-reduction allowance principle. Because of the confusion it is difficult to predict future reactions. They will probably be delayed until the new salary determinations are completed and revised rates of actual cash in hand are received.

4. The critical period, 14th to 31st July, passed without incident in PORT MORESBY. The reason for this was the announcement regarding increased Public Service salaries. Should the revised rates not be up to expectations, the possibility remains that reaction may involve direct protests, including strikes and demonstrations.²

[matter omitted]

[NAA: A452, 1966/842]

1 On 11 July, the Administration announced a revised wage scale for indigenous officers of the public service. The new scale included a family needs test and more classifications within the base wage range. In response, the PSA said it would continue with its case, though counsel representing the Administration, H. Wooten, said the changes were not an interim measure, but represented a considered judgement (*South Pacific Post*, 11 July 1966, NLA: NX 342).

2 A team of DOT officials visited Africa in August and September for the purpose of making a 'factual assessment of conditions in other countries with similar development problems', after which it would 'present oral evidence to the Arbitrator' (cablegram 257, DEA to Nairobi, 16 August 1966, NAA: A1838, 846/1 part 1). In providing background, the cablegram noted: 'The Administration has ... made an offer [to the PNG Public Service Association] designed to meet the needs of officers with family responsibilities and to encourage progress to senior positions. The Association's claim is however substantially higher and if successful is likely to act as a pace-setter for pay rises throughout the Territory. These will have inter alia adverse affects on the development of export production'.

57 SUBMISSION NO. 387, BARNES TO CABINET

Canberra, 8 August 1966

CONFIDENTIAL

Proposed Japanese participation in oil exploration and development in Papua and New Guinea

The purpose of this submission is to seek approval for Asian capital investment in Papua and New Guinea in the oil search and development industry to be permitted and for Australian Aquitaine Petroleum Pty. Ltd. to enter into a joint working agreement with Japan Petroleum Exploration Co. Ltd. (Japex) for oil exploration and development in Papua and New Guinea.

2. Aquitaine is a French owned company wholly financed by a French semi-governmental agency. Japex is a semi-governmental agency with 65% of its capital owned by the Japanese Government.

Proposal

3. Aquitaine was granted a permit for petroleum exploration in the Sepik District of New Guinea in March 1965. The company has carried out the conditions of the permit since that date. Its proposed working agreement with Japex provides that in return for contributing 35% of the costs of joint operations over the next three years or the date of commencement of preparation for drilling, which-ever is the earlier, Japex will have a 35% interest in any proceeds from the joint venture. Provision has been made in the draft agreement for 15% of Aquitaine's 65% share to be reserved for Australian or local Territory interests until 1st September, 1966. The proposal involves the issue of a temporary entry permit to a Japanese geologist or geophysicist for approximately six months during each of the next three years and the issue of temporary permits of approximately one month's duration to possibly one or two other Japanese nationals each year over the same period.

Existing policy

4. In December, 1964 Cabinet adopted, subject to certain understandings and reservations, the detail of the policy to be followed in relation to proposals for Asian participation in commercial enterprises in Papua and New Guinea which had been suggested by an Interdepartmental Committee. The policy was not intended to extend, except in approved cases, to foreign governments or their agencies. Cabinet adopted the suggestion of the Interdepartmental Committee that at this stage Asian capital investment in the mineral and oil search industries will not be encouraged but the policy may be reviewed in the light of any positive proposals which Asian interests might initiate. Each application for Asian participation in commercial enterprises was to be considered on its merits and until a case history had been built up the Department of Territories was directed to consult with other interested departments including those represented on the Interdepartmental Committee on the action to be taken on each application received.

Report by committee

5. The proposal has been examined by an Interdepartmental Committee representing Territories, Prime Minister's, Trade and Industry, Treasury, External Affairs, Primary Industry and National Development.

6. The report of the Committee is attached.¹ A summary of the views and conclusions of members of the Committee on the main policy issues is at paragraphs 60–79 of the report.

7. The majority of the Committee could see no fundamental difference between on the one hand the oil search industry (viewed as embracing possible development) and on the other hand the fishing and forestry industries in which in terms of the Cabinet decision of December, 1964, Asian participation was acceptable. They believed that approval of oil search as an acceptable industry would not constitute a change in policy but simply a definition of policy in the light of the first concrete proposal. They also considered that while oil exploration by its nature could not be expected to provide substantial and immediate benefits to the Territory the longer term benefits of viable future discoveries of oil or gas justified allowing Asian participation in this field of activity. They noted the high cost of oil search in the Territory, the fact that Australian interests have shown little inclination to invest in oil search in the Territory and the link to possible export markets in Japan. In their view approval of the proposal would have beneficial effects on Australia's overall commercial relations with Japan. They noted in addition that agreement to the proposal would involve limited Japanese immigration.

8. The majority of the Departments have made a positive recommendation that the application by Aquitaine be approved.

9. A minority of the Committee believed that an important extension of policy was involved and questioned whether sufficient and adequate justification existed for permitting Asian participation in oil search in the Territory. They noted that Aquitaine's reasons for association with Japex were commercial and questioned whether the Asian capital represented an addition to rather than substitution for other capital for oil search.

10. The Committee suggested that, in the event of the Government's approval of the proposal, the possibility be explored with Australian Aquitaine of extending until six months from the date of approval, the company's offer to reserve 15% from its 65% share to Australian or Territory interests.

11. I have considered carefully the report of the Interdepartmental Committee. Having regard to all the circumstances and points raised in the report I am of the view that the proposal should be approved. Approval will not necessarily result in the provision of new or additional funds for oil search in the Territory; but as the programme in the permit area concerned develops, association of the Japanese interests with the enterprise could result in more funds being made available than would be provided in the absence of Japanese participation. This is particularly important because of the high costs involved in oil search and the scarcity of risk capital for this activity. Should oil be discovered in the area a link with the Japanese export market would be available. On the other hand refusal of the application could have a discouraging effect generally on the attitude of Japanese enterprise towards investment in the Territory. Japanese capital and know-how in selected fields could play an important part in the Territory's economic development. Growth of the local economy will of course help to lighten the heavy financial burden which Australia carries.

12. I see no objection to participation of the Japanese Government through Japex in this instance.

Reference to Administrator's Council

13. Under Territory law the authority to approve the proposed working agreement is vested in the Administrator. I have in mind that should Cabinet approve the proposal,

¹ Not printed.

and before any announcement is made, the Administrator's Council, on which there are Australian and indigenous elected members of the House of Assembly, should be given the opportunity to express a view.

RECOMMENDATION

14. I recommend that—

- (a) Asian participation in oil search and development in Papua and New Guinea should be permitted on the same basis as already approved in relation to participation in the forestry and fishing industries;
- (b) the application by Australian Aquitaine be approved as recommended by the majority of the Interdepartmental Committee, subject to reference to the Administrator's Council.

[NAA: A5841, 387]

58 SUBMISSION, BALLARD TO BARNES

Canberra, 10 August 1966

Papua and New Guinea: Select Committee on Constitutional Development

The Administrator has forwarded the attached report submitted to him by the Secretary for Law,¹ giving some details of the Select Committee's recent activities.²

2. The Select Committee at this stage is moving through the various Districts of the Territory seeking the views {of the people} on the following matters:

- Open and Special Electorates;
- Official members;
- Control of internal revenue;
- Voting age;
- Life of a House; and
- Need for candidates to possess certain qualifications.

3. Meetings held by the Committee have been well attended and much thought had been given to these matters, both in discussions and in written submissions. Almost every area supported a greater number of open electorates, especially in electorates with different linguistic groups. The Secretary for Law felt this was partly because elected members had not been visiting their constituents outside main centres.

4. In regard to special electorates, the majority view so far is for their retention in their present form; in the coastal areas it was suggested that they should be open to all races, until the purpose of these electorates was explained; the Highlands areas were overwhelmingly in support of their continuation. The retention of official members in the House has so far received almost unanimous support.

¹ W.W. Watkins.

² Not printed.

5. In discussing control of internal revenue, general opinion after the preparation of a budget was explained, was that the Government should continue to control the budget, perhaps with House participating through a budget sub-committee.

6. With only few exceptions most areas felt that the minimum age for enrolment should continue to be twenty one. Retention of the present term of the House, four years, was requested in nearly all areas. In regard to qualifications of candidates, the general view was that the people should choose their representative and no qualification should be prescribed.

7. The report concludes with the view that the Highlands people strongly support Australia remaining in control for many years, and that they fear that the Territory might be precipitated into self-government at an early date by the people in coastal areas.

8. The Select Committee is due to complete its round of visits to parts of the Territory by 4th August, and to meet to prepare its report on the matters discussed on 8th and 9th August. A further report is to be submitted at that stage by the Secretary for Law.³

9. In regard to the time-table adopted for the report of the Select Committee, the Administrator has advised that he would seek to arrange with the Committee and the Speaker for the report to be tabled on the opening day of the next session of the House of Assembly, 30th August 1966. Consideration of the report should be completed by the House in that week. This time-table should allow sufficient time for the Government to consider any proposals for amendments to the Papua and New Guinea Act related to the questions considered by the Committee, and for necessary legislation to be introduced during the next Parliamentary session.

10. Submitted for *information*.

P.S. Another report has just been received from the Administrator and is also attached.⁴ This report covers meetings in New Ireland, Hanover, Rabaul and part of Bougainville. Except at Rabaul the views expressed were generally in accord with those summarised in the body of this submission. At Rabaul, it was requested that the number of elected members be increased to 100; that there be no qualifications for candidates but they should understand English, Motu or Pidgin; that official members should be replaced by Ministers appointed from the indigenous and European elected Members. It was suggested at Rabaul that the House should control internal revenue and local officers of the Public Service, while the Government should be responsible for overseas officers.

[NAA: A452, 1966/2960]

3 Watkins reported that at hearings in Port Moresby a group calling itself the 'Committee of Ten' had made a submission to the Select Committee. The group—which consisted of 'people from different places of the Territory who were either attending the Administrative College or working in the Port Moresby area'—called, inter alia, for the establishment of a 'true cabinet' incorporating elected members who would run departments with Australian heads as 'assistants'; for indigenous public servants to be promoted to top positions; for the replacement of the Administrator with a High Commissioner; and for the need for 'much greater economic development'. Summing up, the group insisted that the Select Committee show Australia that the people of PNG were 'ready to move forward ... The only way to learn and be ready for self-government is *by doing*, by actual practice in the work of governing and by working harder for greater prosperity and a higher standard of living. If self-government is suddenly thrown on to us in the future, without any preparation for this responsibility, we will be unready, untried and untested'. Watkins also forwarded an elaborate submission in which Administrative College lecturer Cecil Abel focussed on changes to the PNG parliament. Among Abel's suggestions was the appointment of a Chief Minister and cabinet which in time would be given full responsibility (attachments to letter, Watkins to Cleland, 10 August 1966, NAA: A452, 1966/2960).

4 Not printed.

59 NOTE BY DEANE ON CABINET SUBMISSION NO. 387¹

Canberra, 12 August 1966

CONFIDENTIAL

**Proposed Japanese participation in oil exploration and development in
Papua/New Guinea**

*[matter omitted]*²

Prime Minister's Department was represented on an inter-Departmental committee which has studied this question. External Affairs and ourselves were unable to go along with the recommendation that the current application be approved. We had regard to the fact that the criteria that have been laid down against which to judge Asian investment proposals envisage that proposals to be eligible for approval should depend on whether investment capital is readily available from other sources, whether Asian 'know-how' otherwise unavailable would be provided and whether specific benefit would accrue to the economy of the Territory as a result of the investment. We remain to be convinced that the present oil search proposal meets these particular criteria.

As the Minister himself points out at paragraph 11, approval of the current application would not necessarily result in the provision of new or additional finance for oil search in the Territory. The French company which holds the lease in the Territory acknowledges that its reasons for wanting to associate with Japanese interests are commercial. There is no evidence to suggest that it could not, if it desired, join with the English, American or other non-Asian interests in its oil search activities.

Clearly there are sensitive political judgements to be made. As we see it, an important extension of policy is involved and we believe that it ought to rest on more certain and demonstrated benefits to the Territory than appear to be the case with the present proposal. It is relevant to mention that there has been no Japanese or other Asian investment in oil exploration in Australia to date.

Should Ministers be of a mind to contemplate Japanese participation in oil search in the Territory, we agree with the Minister that the views of the Administrator's Council should be sought before any decision is announced.

[NAA: A5841, 387]

¹ Document 57.

² Matter omitted is a summary of Document 57.

60 CABINET DECISION NO. 458

Canberra, 15 August 1966

CONFIDENTIAL

Submission No. 387—Proposed Japanese participation in oil exploration and development in Papua and New Guinea¹

The Cabinet approved the basic proposals of the Submission that Asian capital investment in Papua and New Guinea in the oil search and development industry be permitted and that Australian Aquitaine Petroleum Pty. Ltd. be authorized to enter into a joint working agreement with Japan Petroleum Exploration Company Ltd. for oil exploration and development. However, the Cabinet went on from this approval to an enunciation of a general principle relating to foreign, whether Asian or other foreign, participation in oil exploration and development in Papua and New Guinea.

2. The approval of the proposals of the Submission is set out using the words of the Submission in paragraph 3 below. The accompanying general principle is set out in paragraph 4 below.

3. The proposal as approved is:—

(a) Asian participation in oil search and development in Papua and New Guinea should be permitted on the same basis as already approved in relation to participation in the forestry and fishing industries;

(b) the application by Australian Aquitaine be approved as recommended by the majority of the Inter-departmental Committee subject to reference to the Administrator's Council.

4. It is to be understood in the present instance involving the French company and in all future instances that it is not to be assumed that the Government will necessarily approve of a share of a lease already in foreign ownership being transferred to other foreign ownership and that any proposals in this direction will continue to require Australian Government approval.

5. It is not proposed that any general announcement of the principle set out in paragraph 4 should be made but it will of course need to be mentioned in the message of approval to Australian Aquitaine.

6. The discussion led also to the point that it would be important to check at this stage whether any additional stipulations should be brought into effect now so that at any time at which oil may be discovered the Administration is in a position to impose conditions about mining and/or refining which it considers necessary. This review should include the practicability of stipulations regarding Territory equity participation.²

[NAA: A5841, 387]

1 Document 57.

2 On 19 October, Cabinet also approved Japanese participation in the Territory's steel shipbuilding and repair industry (see NAA: A5891, 506).

61 LETTER, WARWICK SMITH TO CLELAND

Canberra, 16 August 1966

Representations have recently been made which suggest that there has been an increase in illegal squatting on leased land in the Gazelle Peninsula.

[*matter omitted*]

The Minister is concerned at these reports of illegal squatting and I should appreciate it if you could inform me whether action is to be taken against such squatters, or alternatively what view the Administration takes of the matter.

I appreciate that one of the causes of squatting is frustration over the slow legal process and in particular over the time taken between a decision of the Chief Land Titles Commissioner and the hearing of an appeal by the Supreme Court. It would be helpful to know whether you can see anything that can be done about this.

[NAA: A452, 1966/3928]

62 SUBMISSION, BOOKER TO HASLUCK

Canberra, 17 August 1966

CONFIDENTIAL

Visits by Soviet representatives to Papua New Guinea

On a record of conversation (copy attached at Annex 1)¹ on this subject you commented:

‘The Secretary. Is it a fact that the Soviet Ambassador is not permitted to visit P.N.G.? I would have thought that we should encourage him to go there rather than keep him out. Please let me know what the position is.’

Background

2. It has been a long-established practice on the part of all Administering States to oppose the inclusion of a Soviet representative in any United Nations Visiting Mission to Trust Territories, and Australia has conformed with this.

3. The main reason for this has been the uncompromising and doctrinaire criticism of the administration of trust territories by the Russians, which has led to a belief among the Administering States that visits by Soviet representatives would only provide them with additional opportunities for mischief-making. Their criticism would undoubtedly continue to be destructive and one-sided, but they would be able to claim first-hand knowledge of the Territories. It has not been regarded as likely that such visits would temper Soviet criticism or assist in getting a more constructive or balanced approach by Soviet representatives in the Trusteeship Council, in the Fourth Committee or in the Committee of Twenty-Four.

¹ 29 July. In a discussion with Doig, Vladimir Beljaev, the First Secretary of the Soviet Embassy, said that Australia must have ‘something to hide’ in PNG because it would not permit a visit to the Territory by himself, his Ambassador [N.Y. Tarakanov], Soviet representatives in New York, or the Pravda correspondent (NAA: A1838, 936/3/8/1 part 1).

4. Though Soviet representatives in the Trusteeship Council have sought inclusion in Visiting Missions to Trust Territories, they have not so far been successful in achieving this.
5. In March, 1964, Mr Yuri Yasnev, Pravda correspondent to Australia was denied entry to Papua New Guinea. Prior to seeking entry he had written a highly distorted account of conditions there. A copy of one of his articles is attached at Annex 2.²
6. As far as the records of the Department of Territories and of this Department show, no Soviet Ambassador, nor any member of the Embassy Staff, has sought permission to visit the Territory. This may be of course because they have assumed, in the light of their knowledge of the position in the Trusteeship Council, that they would be rebuffed.
7. Informal discussions on the possibility of a visit by the Soviet Ambassador to the Territory of Papua New Guinea have on occasion been held between departments concerned but no initiative regarding recommendations to Ministers has been taken because:
 - (i) no application has been made (contrary to the suggestion made in the attached record of conversation);
 - (ii) the view continued to be held that for any Soviet official to visit the Territory could pave the way for increased pressures for visits by the so-called Soviet 'anti-colonialist experts' on the Trusteeship Council or the Committee of Twenty-Four;
 - (iii) it could not be expected that visits by Soviet representatives would result in their giving a more balanced picture of conditions in the Territory or in leading to more constructive criticism of the administration or of Government policies.
8. It has been realized, however, that if the Soviet Ambassador made a request to visit the Territory, either on behalf of himself or a member of his diplomatic staff, a new position would be created. We have readily agreed to similar requests from other Embassies and a refusal would thus have the appearance of discrimination. Moreover it could be argued that the Ambassador would be inhibited by diplomatic practice from expressing strong criticisms of Australian policies and actions in Papua and New Guinea. Nevertheless we have not thought it desirable to take any initiative towards inviting the Soviet Ambassador to pay a visit.
9. Submitted for *information*.

[NAA: A1838, 936/3/8/1 part 1]

2 Not printed.

63 SUBMISSION NO. 419, FRASER TO CABINET

Canberra, 25 August 1966

CONFIDENTIAL

**Rates of pay and conditions of service—
Pacific Island Members of the A.R.A.**

1. In this submission I deal in broad terms with general issues involved. A more detailed paper expanding the actual submission is attached.¹

Background

2. In recent years there have been delays and difficulties associated with the application of pay changes in the Territory to the P.I.R. Unfortunately, on several occasions grievances over pay and conditions led to disturbances which were followed by early settlement of the issues causing concern. This undoubtedly is creating a feeling amongst the Pacific Island members of the Army that direct action is probably the only way to obtain satisfaction.

3. Pay rises and a complete change in the basis of pay scales in the Territory were implemented for the local members of the Public Service as far back as 1964. The application of the new pay code to the New Guinea Constabulary has been announced² and, in addition, negotiations have been conducted with the Police association for a further special review of the pay and conditions of the Constabulary. Apart, however, from an indication that the principles of the new Territory pay code³ would be applied to the Pacific Island soldiers, it has not been possible to give them any detailed information. Advice from our Commander in the Territory is that dissatisfaction has been steadily growing at the lack of any concrete information and that a danger-point has been reached where he expects serious trouble unless some announcement is made within a matter of days.

The problem

4. There are two elements which are delaying the announcement of firm proposals for the P.I.R.:

- a. The operation of Non Reduction Allowances.
- b. The handling of the current differential in conditions between the P.I.R. and the Constabulary.

5. The need for Non Reduction Allowances arose from the introduction in 1964 of a pay code in the Territory based on a total cash wage in lieu of the previous system of substantial issues in kind supplemented by a small cash payment. Because, in particular, the cash wage related to an average family, individuals with large families who had previously been receiving substantial issues in kind required a Non Reduction Allowance if their previous total emoluments were not to be reduced. The practice in the Administration Service generally is for such Non Reduction Allowances to be reduced by any subsequent pay increase applicable by way of increment, promotion, or general review of pay. The native in particular has difficulty in understanding this and this has caused some unrest. I

¹ Not printed.

² See editorial note 'Industrial unrest: announcements on police and PIR conditions of service'.

³ See footnote 1, Document 56.

am anxious to avoid this situation in the P.I.R., as I believe the problem is more acute in a disciplined force necessarily living and working in a close community and depending upon a strict respect for rank and status for the maintenance of essential discipline. In this context I feel that any change in seniority or rank should be reflected in some tangible way and, therefore, propose that a token proportion of any increase granted should actually be paid in cash to members in receipt of Non Reduction Allowance. To avoid creating further anomalies, my proposition is that 50 percent of any increase or 5 cents per day, whichever is the lesser, should be paid to any member on Non Reduction Allowance in relation to any increase in pay to which he normally becomes entitled. The remainder of such increase would be devoted towards reducing his Non Reduction Allowance.

6. The second problem again can be considered in broad principle and relates to the present difference in conditions between the P.I.R. and the Constabulary. This arises, in the main, from the superior ration received by the P.I.R., whether rationed in barracks or as in the past living in married quarters and issued with rations for themselves and their families. The ration has been designed to fit the soldier physically for his specific task and has been introduced progressively over the years with the concurrence of the Departments of Territories and Treasury. It is known that the higher standard enjoyed by the P.I.R. has led to representations by the Constabulary for similar benefits.

7. Territories have proposed that advantage be taken of the current review of pay codes to eliminate, as far as possible, the difference in ration standards between the two forces. Their proposals are that existing families in married quarters should receive a supplementary ration issue to be treated in the same way as the Non Reduction Allowance and offset by any future increases in pay, and that married members occupying quarters in the future should receive such a supplementary issue for themselves alone and not for their families. For single men in barracks, Territories would propose that the current deduction for rations should be increased by \$21.90 per annum or 6 cents per day.

8. Army agrees with Territories' objective of reasonable equality in conditions as between the two forces, but feels very strongly that this should be announced as an objective and we should work gradually towards it by taking advantage of any future opportunity. To attempt to solve it by what appears to the soldier to be an immediate reduction of P.I.R. standards is, in my view, bound to create dissatisfaction in the mind of the soldier and lead to the prospect of serious trouble.

9. My proposition, therefore, is that Cabinet should agree that the existing ration standards of P.I.R. should be retained for the present, and that it should be accepted that this involves continuation of supplementary ration issues to present and future families occupying married quarters, as well as continuation of the deduction for rations from the single soldier living in barracks at the current level until there is some change in the circumstances of his rationing, which could logically be used as a reason for varying his deduction for the ration supplied. In the long term, I would propose that immediate steps be taken to conduct an expert review of the P.I.R. ration to see what changes can be made in it to minimise its cost while maintaining its adequacy in relation to the physical standards expected of the soldier. In addition, it should be the policy to consider all future wage movements in the light of the ration elements applicable to the various sectors of native employment and to negotiate and announce these in such a way that certain cash changes can be related to the ration component and, therefore, need not automatically be applied to the P.I.R. In these ways I believe the differential can gradually be worked

out and that the early public acknowledgment of this policy would remove the bone of contention between the Police and the P.I.R.

Conclusion

10. The Cabinet may well feel that it is faced with the prospect of potential trouble in the Army if matters are not resolved along the lines which I have suggested or, alternatively, potential trouble in the Police if a disparity between their conditions and those of the Pacific Island soldier is continued. I believe that the problem in the Army is one of whether or not we appear to reduce existing standards, and that to do anything which creates the impression in the soldier's mind that there is an attack on his standards must lead to a potentially explosive situation. The continuation of an existing difference between the two forces (with which the Police, I agree, are unhappy), may not be so explosive but rather a nagging grievance which would lead to continued negotiations before the situation deteriorated to any point of danger and may well be held safely by the assurance that this problem will be investigated and corrected in the future as opportunity permits.

11. No great cost is involved in the proposals as far as Army is concerned, it being estimated that the supplementary ration for the married member and his family in quarters would cost an additional \$100,000 per year, and the Non Reduction Allowance proposal would cost approximately \$30,000 per year.

Recommendation

12. To avoid appearing to leave P.I.R. soldiers worse off in the conversion to a cash wage basis, and to provide some recognition of advancement in rank and seniority, I recommend that Cabinet approve in principle that:

- a. Supplementary rations should continue to be issued to married men and their families living in married quarters, until such time as they can be eliminated by future adjustments affecting pay or rations of the Constabulary and the P.I.R.
- b. Deductions at source for rations for men living in barracks should not at present be varied, but should be adjusted in future in relation to changes affecting the basis of issue of rations to the soldier; and,
- c. That some cash incentive be given along the lines proposed by the Army by, i.e., 50 percent of any increase or 5 cents per day, whichever is the lesser, in respect of any nominal pay increase to which a soldier becomes entitled.

[NAA: A5841, 419]

64 SUBMISSION NO. 421, BARNES TO CABINET

Canberra, 29 August 1966

CONFIDENTIAL

**Submission No. 419 (Minister for the Army)
Rates of pay and conditions of service—
Pacific Island Members of the A.R.A.¹**

Attached is a note commenting on the recommendations in Submission No. 419 from the standpoint of their effect on conditions of service of local members of the Royal Papua and New Guinea Constabulary and the Territory Public Service.

[matter omitted]

A. The operation of non-reduction allowances

Non-reduction allowances are being paid to those members of the P.I.R. and Constabulary whose former cash and kind emoluments for themselves and their families were greater than their entitlements under the 'all cash' pay system introduced with effect from 1st July 1966.

2. The new 'all cash' pay system prescribes common rates of pay for each man performing the same job. Under the old system a man's 'in kind' entitlements were directly determined by the size of his family. Hence in the conversion to a full cash wage those members who received substantial non-reduction allowances are those who have large families.

3. The pay scale implemented from 1st July 1966 is about to be changed following the announcement of new pay rates for the Public Service. Both Pacific Islanders and Police will be given proportionately greater increases in pay than public servants will receive. The pay increases to be effective retrospective to 1st July will result in increases from \$40–120 p.a. for a Private with over 3 years' service to \$400 p.a. for a WO II.²

4. Implementation of the revised pay scale will result in the immediate elimination of the non-reduction allowance paid to over 100 of the 500 P.I. married members receiving it. The non-reduction allowances being paid to the remainder will be substantially reduced. About one third of the Police and under a quarter of the P.I.R. will still be on non-reduction allowances. If future pay rises are fully offset against the non-reduction allowances the great majority will be off non-reduction allowances within 3 to 4 years.

5. The Army proposal is opposed on the following grounds—

(i) The principle of fully offsetting pay rises against the non-reduction allowance has been followed in the case of local Administration public servants since 1964.

(ii) If now applied to 1,600 P.I.R. soldiers it would have to be applied similarly to 2,930 Police and 10,900 local officer public servants. The additional cost to the wage bill cannot be estimated but as an indication the cost of converting the Public Service to the new cash wage rates was estimated at \$2M. per annum. Provision in 1966/67 for converting Police is \$648,000.

¹ Document 63.

² Warrant Officer Class II.

(iii) The proportion of members receiving non-reduction allowances will be a continually shrinking one both from new recruits and from promotions and pay rises eliminating the non-reduction pay. Until the non-reduction allowances are fully eliminated those *not* receiving them will be dissatisfied at others doing the same work and receiving higher pay. The Army proposal would both widen and prolong the inequality and thus the dissatisfaction.

(iv) If a soldier is unable to comprehend the mechanics of the non-reduction arrangements and the reasons why he does not receive a net pay rise when he is granted a promotion or increment, it is unlikely he would understand the reasons why he would receive only up to half of the increase which a soldier not in receipt of non-reduction allowances would receive in similar circumstances.

B. The handling of the current differential in conditions between the P.I.R. and the Constabulary

6. Prior to 1st July, 1966, P.I. soldiers and Police were rationed at a cost of \$256 p.a. and \$104 p.a. respectively. Wives and children of members of both forces living in married quarters were also supplied with food based on the respective scales. Since 1st July the following changes have been made—

IN BARRACKS—

—*Constabulary* members are contributing to common messing funds and are messing themselves at a cost which has been initially set at \$156 p.a.

—*P.I.* members have had their ration reduced in value from \$256 p.a. to \$243, mainly by the elimination of pipes and tobacco. Their deduction for rations is \$131 p.a.

IN MARRIED QUARTERS—

—*Constabulary*—all rationing has been discontinued.

—*P.I.* supplementary ration pack, cost \$56 p.a., being supplied for the soldier, wife and children (half issue under 10 years).

7. Army claims that any variation in the supplementary ration issues or the source deduction for rations would appear to the soldier as *an immediate reduction in P.I.R. standards*. An immediate reduction in standards is not proposed. Essentially the proposal is that part only of a pay increase should be applied to reducing the differential between the two Forces.

8. The Army proposal for an expert review of the P.I.R. ration to see whether changes can be made to minimize the cost while maintaining its adequacy is supported. The position of the Police should be reviewed in the light of the result. It would be advisable for an inter-departmental committee to consider terms of reference for the expert examination and also discuss the result.

9. The Army proposal that future wage increases be negotiated and announced in such a way that certain cash changes can be related to the ration component and therefore need not automatically be applied to the P.I.R. can be applied where practicable, but because arbitration processes are involved, ration components of wage increases may not always be identifiable.

10. Territories propose further immediate steps to contain the differentials between the two Forces (para. 7 of Army submission) on the following grounds:

(A) SUPPLEMENTARY RATION ISSUES

(i) To the soldier

- The justification for a soldier to receive a more expensive ration than the Police is doubtful. The Police as well as the Army do arduous patrol work. The ration on which Police pay is based was established by nutritionists as suited to Territory conditions and on visual evidence keeps the men engaged in strenuous activity healthy. Territories would not object to a supplementary ration pack being provided to all members (as distinct from their families) whatever stage they moved into the quarters provided the ration packs were reduced to the extent that the cost of the ration provided to soldiers living in single messes is reduced or the source deduction for rations for such soldiers is increased and provided the expert review of the P.I.R. ration (para. 8 above) is undertaken promptly.

(ii) To the family

- What is proposed is that families who are not now living in quarters and are therefore not receiving the P.I.R. standard rations would not be given a supplementary ration and that for others part only of the prospective pay increase would be applied to reducing the differential. To the extent that there is any justification for a more expensive ration for the soldier, there can be *no* justification for providing this for his family. Objection is not raised to supplementary rations for the families of men in married quarters (said on 14th May to be 69 families) at 1st July who were in fact receiving the more expensive ration issues provided the supplement is reduced correspondingly to adjustments in the soldier's supplement and provided the supplement for the family is offset against future pay increases. The supplementary ration packs should not be issued in respect of children born after 1st July and should be discontinued for any child when that child reaches 14 years of age.
- The issue of similar supplementary ration packs to families who move into quarters after 1st July is a different question. These families have never had the more expensive ration and no justification has been advanced why they should do so. Such action would increase the inequality between the Army and the Police and perpetuate dissatisfaction since it is proposed to be a continuing feature of Army conditions. For instance it would result in a P.I. family man with 2 children on the minimum needs wage of \$830 receiving supplementary rations valued at \$210 p.a. A similar person in the Constabulary would have to maintain himself and family on \$830.
- The argument that the families of soldiers in quarters must be given the supplementary ration as well as the soldier otherwise the soldier will not consume the food necessary for his health is not sustainable in circumstances where only a supplementary ration is involved—whether or not the soldier spends the cash element of his wages provided for the bulk of the ration on the foods prescribed in the ration scale is entirely up to him.
- The argument that there could not be inequalities between people living next to each other in the same quarters is not valid since some will be on non-reduction allowances and some will not be.

- The Army suggestion that supplementary ration packs for all families in quarters could be regarded as balancing benefits to the Constabulary not enjoyed by soldiers—for example, overtime payments, camping allowance and the like—disregards the fact that standards of quartering and furniture issues are far superior for the Army than for the Police. The average overtime provision for the Police in the 1966/67 Estimates is \$40 p.a. and the average camping allowance provision \$1 p.a. It is misleading to suggest as in paragraph 18 of attachment of the Minister for the Army's submission that these figures give the Police an advantage of \$60 p.a. over the average P.I. soldier. Further it is understood that married P.I. soldiers are rationed when on patrol without pay deductions.

(B) INCREASE IN SOURCE DEDUCTION FOR RATIONS

The present source deduction for rations from the P.I.'s pay is \$130.87 p.a. This figure was the component for food in the base public servant's pay. It has no relation to the cost of supplying the P.I. ration (currently \$243 p.a.). Territories view is that the pay rise about to be implemented presents an opportunity—which may not recur for some years—to adjust the deduction for rations to bring it somewhat closer to the actual cost. Territories propose an increase from \$130.87 p.a. to \$151.77 p.a., which the P.I. soldier would be able to sustain from the pay rises proposed. This approximates the amount of \$156 p.a. the Police are voluntarily paying to mess committees for what is a less expensive ration. It is not suggested that every time the Police voluntarily review their scale of mess fees a similar compulsory review should be made for the P.I.R.

C. Conclusions

11. Decisions on the outstanding issues should be:

- (a) the non-reduction principle should continue to be applied so that inequalities in pay are eliminated at the earliest possible time;
- (b) that an inter-departmental committee of Army, Navy, Treasury and Territories direct a review of the P.I.R. ration to examine ways by which the cost of the ration can be minimized while ensuring adequate nutritional sustenance for the tasks of the soldier;
- (c) supplementary ration issues to all members, and families in married quarters at 1st July, 1966, should be reduced to the extent that the cost of the ration provided to soldiers living in single messes is reduced or the source deduction for rations for such soldiers is increased;
- (d) the supplementary ration issues to the families of members in married quarters at 1st July, 1966, should also be offset against future increases in the members' pay;
- (e) in order to contain the differentials between the two Forces, the issue of supplementary rations should not be extended to the families of members who move into married quarters after 1st July, 1966, nor to additional children of those members already in married quarters at 1st July;
- (f) the deduction for rations from the pay of members living in barracks should be increased by \$21.90 p.a. concurrent with the implementation of the new rates of pay.

65 NOTE BY GRIFFITH ON CABINET SUBMISSION NO. 419¹

Canberra, 29 August 1966

CONFIDENTIAL

**Rates of pay and conditions of service—
Pacific Island Members of the A.R.A.**

The Department of Territories oppose the recommendations of the Department of the Army designed to retain a special position for the Pacific Island Regiment in respect of pay and rations. *Some background:* Prior to 1964 Civil Service, Constabulary and the P.I.R. paid in cash and kind. From 1964 Civil Service paid in cash under special arrangement which required an over-payment in cases where the total cash wage was lower than the equivalent cash and kind—non-reduction allowance. System calls for any increases in pay to be retained to offset and finally extinguish the allowance. In July, 1966, decision was taken to extend this principle to the Constabulary and the P.I.R. The Army says that when promotions are announced and there is no cash benefit there will be trouble. They, therefore, seek variation to enable portion of the pay increase to be paid in cash, and they also want to retain a system of food ration for families of soldiers in the Barracks.

Is the Army estimate of trouble realistic or is it special pleading? What is the Minister for Territories view for prospects of trouble in the Army? The Army has done a very good job with the P.I.R. It is an elite force. To do this the Army gave P.I.R. conditions better than the Administration gave Civil Service or Constabulary. *Policy issue:* Should P.I.R. preference continue or should it be brought into line with Civil Service and Constabulary? Feeling between Constabulary and Army runs high. In recent years the Constabulary has been allowed to drift. Army have had a clear advantage. Quality of the Army is well regarded in the Territory. The Government will get no thanks if that quality deteriorates but clearly greater comparability between the two services is desirable. Hence, balance of view is to support Territories' Submission as against Army Submission, given that Minister for Territories is able to advise that Army will not cause trouble.²

[A5841, 419]

1 Document 63.

2 Cabinet decision no. 501 of 19 September reads: 'Having regard to the fact that certain principles had been adopted and were already operating in Papua and New Guinea in respect of the basis of pay scales for local members of the Public Service and had more recently been adopted for the Royal Papua and New Guinea Constabulary, the Cabinet felt that the admission of different principles in the case of the Pacific Island members of A.R.A. (and the Papua and New Guinea Division of the R.A.N.) could undermine the position which was being held for the more numerous body of local public servants and police. The Cabinet therefore agreed that the issues outstanding on rates of pay and conditions of service for members of the P.I.R. (and Navy) should be settled generally along the lines proposed by the Minister for Territories'. Cabinet approved Barnes' recommendations of paragraph 11(a), (d) and (e). The suggestion in 11(b) was broadened to include the rations of all PNG Service personnel, while the committee was charged with examining (c) and the issue of deductions as they applied to the context raised in (f) (NAA: A5841, 419). Meanwhile, the situation in Port Moresby was judged by the LIC as unstable, though problems in the army were seen to have diminished: 'Students, police and Local Officers are becoming increasingly impatient for a decision from the Public Service Arbitrator on Local Officers' salaries. Some students are looking for a means of expressing their dissatisfaction but lack the leadership and organisation to do so at this stage. They appear to be determined to have some form of organisation and an acceptable leader before taking any positive action. Organised demonstrations in the immediate future are unlikely but the possibility of spontaneous incidents cannot be ignored ... Some indigenous soldiers have expressed dissatisfaction with the wage conversion scheme introduced on the 1st July, 1966. The tension that existed prior to its introduction appears to have lessened' (MIS no. 8/66, 2 September 1966, NAA: A452, 1966/842).

66 LETTER, CLELAND TO WARWICK SMITH

Port Moresby, 2 September 1966

I refer to your personal letter of 16 August, 1966 about squatting in the Gazelle Peninsula.¹

[*matter omitted*]

There is no doubt that a high proportion of the best land in the Gazelle Peninsula has been alienated and that there is considerable population pressure on land in many parts of the Peninsula. There is also no doubt that whether legally right or wrong there is a considerable feeling of injustice among the native people there and a mounting unrest. Major and continued force would certainly be necessary in some instances if we tried to move all squatters. In commenting on the Talakua situation,² the District Commissioner, East New Britain³ made the following statement which is of much more general import:

‘Successful ejectment would encourage other land title holders to eject apparent squatters from many properties scattered through the Gazelle Peninsula. There is a danger that such a series of actions would adversely affect the native situation in respect to land. At present the detente reached between native and non-native land disputants achieved by the long period of awaiting the hearing of Appeals has led to the situation where reasonableness and negotiation is possible in many cases. A few cases involving the use of force and loss of substantial improvements, could quickly return us to the days a few years ago when neither confidence nor communication was possible between the Administration and the native people on land matters. Everybody should be made aware of this.’

We have thought for some time that a comprehensive enquiry is needed in the Gazelle Peninsula to examine the total land position there and discover exactly what costs or concessions would be necessary to resolve all outstanding Appeals, claims and alleged injustices. I understand Mr. S. Smith of the Land Titles Commission is engaged at present on special duties which may go some way towards providing at least part of this information.

[*matter omitted*]

[NAA: A452, 1966/3928]

1 Document 61.

2 In response to a query by Warwick Smith, Cleland had reported on the situation at Talakua plantation, where indigenes had, ‘with the growing land shortage’, encroached on 60 acres of the property.

3 H.W. West.

67 SUBMISSION NO. 432, BARNES TO CABINET

Canberra, 5 September 1966

CONFIDENTIAL

**Papua and New Guinea
Constitutional development**

In the Submission No. 1 of 1966¹ Cabinet was informed that the Select Committee on Constitutional Development of the House of Assembly for Papua and New Guinea was considering possible changes in the Territory constitutional arrangements (including the composition of the House of Assembly) which might be made for the next elections in 1968. Cabinet approved the recommendations of that Submission regarding the attitude to be taken by official members. (Decision No. 23 of 15th February, 1966)²

2. The Committee has submitted its second interim report (copy attached)³ to the House of Assembly. The report was adopted by resolution of the House on 31st August. At this stage recommendations are limited to those concerning the composition of the House of Assembly and electoral matters. Later reports will include the question of changes in the executive government of the Territory.

3. The report recommends that the composition of the House of Assembly be altered as follows:

PRESENT MEMBERSHIP	COMMITTEE'S RECOMMENDATION
10 official members	10 official members
44 members for open electorates	69 members for open electorates
10 members of special electorates reserved for non-indigenous candidates	15 members for regional electorates with candidates required to have the Territory Intermediate certificate or an equivalent educational qualification
64 Total	94 Total

Open electorates

4. In accordance with the previous decision of Cabinet official members on the Select Committee did not oppose proposals for an overall increase in the size of the House but proposed that these should be considered on rational principles designed to secure a balanced and effective distribution and not on any preconceived figure. The Select Committee has adopted this course and its recommendations represent the views of a large number of people that, in the circumstances of the Territory, the present electorates are too large and that elected members have not been able to visit all parts of their electorates adequately. It is considered that the recommendation for an increase in the number of open electorates should be accepted.

1 Document 5.

2 Document 13.

3 Not printed.

Regional electorates

5. The official attitude, which Cabinet approved, on changes in the seats reserved for non-indigenous candidates was that the Government would not see difficulty in a recommendation that these seats be abolished or reduced in number, or some other qualification, e.g., minimum education or prior experience as a member of local or central government, be substituted for the racial one.

6. The possibility that there would be a recommendation for an increase in the number of special seats was not envisaged when Cabinet considered this matter. The Select Committee has recommended the increase to relate the electorates to current district boundaries, which are well understood, and because the present special electorates are too large. While there is substance in these arguments the result in practice will be to increase the number of members likely to oppose government policy. Experience has shown that among the most vocal critics of the Government are some European members of the House and indigenous students. It is not considered, however, that this recommendation of the Select Committee should be rejected.

Residential qualification for candidate

7. The report also recommends that candidates for election (other than those born in the Territory) must have five years' residence in the Territory. At present the Electoral Ordinance provides that any elector may stand as a candidate (subject to the usual disqualifications such as bankruptcy etc.); but there is a qualification of 12 months' residence in the Territory or that a person has a home in the Territory for enrolment as an elector.

8. The residential qualification fixed by the Commonwealth Electoral Act for a candidate in a Federal election is three years. There appears, however, to be no reason why Australian electoral practice should be followed in every respect in the Territory.

RECOMMENDATION

9. It is recommended that Cabinet accept the recommendations of the interim report, and approve amendment of the Papua and New Guinea Act accordingly.⁴

[NAA: A5841, 432]

4 A Prime Minister's Department note on the submission recommended Cabinet approval (note for Holt by Deane and K.W. Pearson (position unidentified, PMD), 19 September 1966, NAA: A5841, 432). Cabinet gave its assent on 21 September (ibid.). The Papua New Guinea Act was amended by the Australian parliament in October (see *Commonwealth Parliamentary Debates*, vol. 53, 1966, p. 2315). In October, DOT forwarded to Barnes views on increased participation by the House in the Territory's executive government. It was suggested that greater authority for the Administrator's Council should be accompanied by 'some concurrent move towards responsibility under the Ministerial Representative system'. It was thought that a consequence of this should be that elected members of the Administrator's Council would not be allowed to attack 'basic policies' in the House, while the Administrator should no longer be required to table reasons in the House for rejecting his Council's advice. Regarding control of internal revenue, the Department proposed a standing budgetary committee of the House with a majority of official members (brief by unidentified DOT officer for discussions between Barnes and Cleland, 18 October 1966, NAA: A452, 1966/4992).

68 TELEX, DOT TO CLELAND

Canberra, 6 September 1966

284/1491. CONFIDENTIAL PERSONAL

Have discussed with Minister situation in the House of Assembly regarding the budget.¹ Minister appreciates that official members are aware of the importance of the matter as affecting relationships between the House of Assembly and the Government. There are some aspects on which the Minister thinks it may be of assistance to the official members to be aware of his views.

In the present transitional constitutional stage in the Territory there is no clear cut dividing line between the responsibilities of the Government and the House. An appropriation by the House is necessary for expenditure in the Territory and clearly it is right that the views of the House should influence the budget. There is no suggestion that the intention of the constitution is that the House should be a rubber stamp in respect of the budget and the Government freely accepts this.

At the same time there are two major considerations which it is reasonable to expect the House to take into account.

The first is that under the present single budgetary system the budget is a total plan which authorises expenditure of both Territory revenues and Commonwealth grant. The Commonwealth grant has been decided upon in the light of a budgetary plan for the Territory which expresses certain principles. An important principle for example is that the resources available should be applied in a way that gives due emphasis to building up the economy of the Territory so that as soon as reasonably possible there could be an improvement in the degree of financial self-reliance by the Territory.

In the event that action were taken by the House which in the Government's view varied in important respects the budgetary plan which was the basis of the Government decision about the level of grant, then the Government would be justified in reviewing its position in relation to the level of grant for the financial year bearing in mind that the Commonwealth parliamentary appropriation of the grant is an authority for the Government to make payments to the Territory Treasury within the limit of the appropriation and is not a direction by parliament that the whole appropriation should be paid.

This consideration should not be expressed as or regarded as a threat. It is simply a statement that since under the present budgetary arrangements the grant is determined on the basis of a particular Territory budget plan or budget strategy if the House does not accept that budgetary plan then it is reasonable that the Government should have the opportunity of reviewing its position.

The Select Committee has said that it proposes to look further at a split budgetary arrangement. If such an arrangement can be worked out and is adopted then the position will be different. But at present it is the existing arrangement which must be made to work by a reasonable approach of give and take as between the Government and the House.

¹ During budget debate on 5 September, elected members disparaged the Administration for treating the House as a 'rubber stamp'—with Guise and Downs reserving particular criticism for the expansion of the public service. Late in the day a motion was passed (42 to 16) calling for greater control over the budget by elected members, and Downs gave notice of a further motion that would reduce the allocation of funds for the recruitment of overseas public service officers (*South Pacific Post*, 5 and 7 September 1966, NLA: NX 342).

The second major consideration is that any proposed budget is a co-ordinated document expressing the executive's judgment of its requirements to keep the government machine running. There is a limit to alterations that can be made by the legislature without creating an impossible situation for those who have the responsibility for keeping the machinery of government in operation. For example if the budget provides for new schools to be built it must also provide for teachers to teach in them. If it provides for agricultural extension workers to be employed it must also provide transport for them. The different parts of the budget fit in together. To change one part can make nonsense of other parts.

This again does not mean that the House cannot have any say but that in the nature of things its say must be had mainly through those members who are appointed to take part in the consultations with the executive. This year members of the Administrator's Council were invited to make their views known before the budget was framed. They were consulted on the draft budget as well as being shown the actual budget in advance of its introduction in the House. The Government is genuine in its wish to give the members of the Administrator's Council a real consultative role in the preparation of the budget.

If however the situation is reached when the House makes reductions in items in the budget which in the judgment of the Administrator make it impossible to carry on the machinery of executive government with reasonable efficiency then the Government would again have to reconsider its position.

Again this does not mean that the House has no power to reduce items. The elected members have the numbers to make any decision they want. The point to be made however is that when a majority of the elected members takes a decision they should be sure that it is not going to have results which they do not intend. In other words they should act only with the fullest sense of responsibility and with a view to being sure that what they are proposing does what they intend but does not also do other things which they do not intend.

The present constitution will work only if on the one hand the Government gives the elected members proper opportunities to influence the course of events—and the Government is willing and ready to do this—and on the other hand the members of the House refrain from carrying out the use of their powers to the extent that they make the machinery of government unworkable or put the Government in an impossible position.

Thus any reductions made by the House to particular items in the present budget will be considered in the light of the Government's view of their effect. If in the Government's view they substantially alter the basic budget plan or budget strategy in such a way as to cut across basic policies such as that of providing economic development of the Territory or if they make it impossible to carry on the machinery of administration efficiently then the Government will not be able to accept the adjustments.

If on the other hand the effect is to express the House's view that a certain proposed activity which is not in essence part of the budget plan should not proceed or should be modified then the decision would not be one which would be regarded as having basic constitutional implications.

The Minister sees advantage in the elected members being made aware of the above considerations. At the same time he recognises that too uncompromising a statement, particularly if presented as a 'Canberra edict', could do more harm than good. Consequently he leaves to your judgment and to that of the official members the use to be made of the above in the light of the situation of the House, but in any case any of the foregoing points should not repeat not be expressed or represented as coming from the Minister, the Department or Canberra.

69 SUBMISSION NO. 453, BARNES TO CABINET

Canberra, 19 September 1966

CONFIDENTIAL

Papua and New Guinea—political relations with House of Assembly

The purpose of this submission is to acquaint Cabinet of recent developments in political relations with the House of Assembly particularly with regard to the Territory budget and to seek Cabinet's endorsement for a proposed attitude in these matters.

Select Committee on Constitutional Development

2. The second interim report of the Constitutional Select Committee¹ appointed by the House of Assembly was adopted by the House at its September meeting. The Committee reported that it was desirable that the elected members should as far as practicable assume some control over locally raised revenue. The Committee would be studying how this control should be exercised—whether by way of a separate local budget or by way of a budget committee working in conjunction with the Administration. The Committee would be seeking the views of the Administration on this question.² (A separate submission takes up the question of changes in the composition of the House of Assembly recommended by the Committee.)³

Consultation in the framing of the budget

3. An elected member moved the following amendment to the motion for a second reading of the Appropriation Bill—

‘Whilst not declining to give the Bill a second reading, the House is of opinion that no future Appropriation Bill should be introduced without adequate control by elected members as outlined in paragraphs 48 and 49 of the Second Interim Report from the Select Committee on Constitutional Development.’

This refers to the possibility of greater participation in local financial matters discussed in paragraph 2.

4. This motion was put without prior notice and without debate and was carried by a substantial majority. The adoption of this motion seems inconsistent with the endorsement by the House of Assembly of the Select Committee's views on this matter (paragraph 2 above).

Reduction in budget item

5. In the committee stage of the Appropriation Bill an amendment was passed to reduce the item for recruitment expenses to the Territory Public Service from \$250,000 to \$200,000. This motion was carried by 28 votes to 26 with all 16 of the Australian elected members supporting the reduction. A majority of the native members supported the Government.⁴

1 See Document 67.

2 Guise wrote to Cleland on 8 September requesting the Administration's views on the desirability and practicability of a separate local budget, to which Cleland replied by letter of 14 October in the following terms: ‘This matter has now been discussed by the Central Policy and Planning Committee. The present budget integrates each item into a planned whole and the Committee sees exceptional difficulties in planning and administering a separate local budget ... I suggest that your Committee might wish to discuss the implications of a local budget with the Economic Adviser [A.W. McCasker]’ (NAA: A452, 1966/2960).

3 Document 67.

4 The recruitment and retention of expatriate public servants was a continuing concern of the Government. Barnes, Warwick Smith and new Administrator David Hay discussed the problem in April 1967: ‘The

Taxation Bill

6. A Bill to bring lower income groups (i.e. Papuans and New Guineans) within the scope of income tax was introduced in June. At its September meeting the Administration proposed some amendments to meet suggestions and criticisms that had been made by elected members. The Budget then allowed for a revenue of \$150,000 from this source. The House deferred consideration of the Bill until November to enable elected members to consult their electors on the effect of the several amendments.

Mining royalty

7. In June the House accepted against some opposition the Government view that royalties from minerals should accrue entirely to Territory revenue and not to the owner of the land.⁵ Maintenance of this principle is especially important in relation to the prospective large-scale copper mining project at Bougainville. At the September sitting the Elected Member for Bougainville introduced a Bill for payment to land-owners of 5 per cent of the mining royalties. This Bill will presumably be debated in November.

The political issue

8. These developments indicate a growing desire on the part of the House of Assembly to assert itself. Other cases may be expected to arise as the political situation in the Territory moves forward (Cabinet considered some proposals relating to constitutional advancement in February 1966).⁶

9. The particular matters referred to above reflect the wish of the House to have a more positive share by way of new procedures or arrangements in the making of financial decisions including the framing of the budget and to assert with force their views regarding the size of the Public Service in the Territory and the need for more emphasis to be given to the recruitment and training of local officers.

10. It does not appear that the action taken at the September meeting in relation to the budget should be regarded as a serious challenge to the authority or policies of the Government by the House of Assembly. Nevertheless, if the House were to reject a Government proposal which was fundamental to existing policy or if it were itself to seek to force changes in basic present policies a serious constitutional position could arise. It is proposed below that the Ministers should define a Government attitude towards the House of Assembly which would serve as a framework of reference in the further handling of the particular matters mentioned above or other matters that may arise in the future.

Secretary said ... It was not easy to see how to reduce the resignation rate although at the moment it might not be all that high. With a full employment situation in Australia it was to be expected that this factor alone would aggravate the position. The domestic problem in the Territory appears to concern job insecurity and the Administrator expressed the view that only the highly devoted type of officer would be prepared to stay indefinitely and train younger locals. He felt that the resignation rate would increase in future ... The Secretary felt that the Commonwealth should not carry the whole responsibility. Members of the House should adopt the right attitude in this matter. They expect expatriate recruitment but by unfair criticism they disparage the public servant generally ... The whole question was mainly a matter of morale. The people should be told that they are wanted and valuable. Good people get discouraged by the local attitude. The Administrator's Council should also assume some responsibility in this matter. The need for public officers should be accepted and said publicly ... The Minister agreed but did not think the attitude of members of the House could be changed' (11 April 1967, NAA: A452, 1967/2526).

5 See editorial note 'Changes to PNG mining legislation'.

6 Document 13.

RECOMMENDATION

11. I recommend that Cabinet endorse the following attitude:—

(1) The Australian Government is responsible for the Administration of the Territory and consequently it must remain finally responsible among other things for the constitutional arrangements and the decisions on the Public Service and the machinery of administration (it is accepted policy to accelerate 'localization' of the Public Service).

(2) The Australian Government is responsible for the way in which the Australian grant is spent and under existing constitutional arrangements it must be responsible for the strategy of the Territory Budget. The Government is ready to improve the arrangements by which the elected members can participate more effectively in the framing of the Budget.

(3) A substantial part of the present Australian aid to the Territory is directed to accelerated economic development. The Government is willing to help in this way if the help is wanted. The help can only be truly effective if based on the co-operation of the House of Assembly and the people of the Territory. If policies that are fundamental to accelerated development are rejected by the House of Assembly or by the people it would follow that the Government should re-examine the position including the level of Australian aid. The Territory's need of Australia is greater than Australia's need of the Territory.

[NAA: A5841, 453]

70 MINUTE, BAILEY TO LAWLER¹

Canberra, 20 September 1966

Relations with Papua and New Guinea²

The recommended attitude for Cabinet in relation to the Territory of Papua and New Guinea seems to Mr. Griffith and myself to be rather heavy handed.

2. Of course Australia has the whip hand, but does it need to be so rudely waved as this? (Decisions of the kind now being sought invariably become public.)

3. We do not quarrel with the substance of the recommendation. But formalising the position in this way, and with this wording, would be unfortunate.

4. Surely the main object is to avoid a confrontation on issues where the Australian Government cannot but be made to look foolish. Tact and some reasonably straight talking behind the scenes is surely what is required, at least at this stage. Is this not something which could be better handled by the Administrator and his officers than by the Commonwealth's Minister for Territories?³

[NAA: A4940, C1724 part 2]

1 P.J. Lawler, Acting Secretary, PMD.

2 See Document 69.

3 Hay later recorded that in discussions with Warwick Smith and Swift he 'got the impression ... that there was a kind of almost punitive attitude to the House of Assembly and the European members thereof, who had been difficult' (Hay interview, 1973-4, NLA: TRC 121/65, 2:2/38).

71 NOTE BY YEEND ON CABINET SUBMISSION NO. 453¹

Canberra, 20 September 1966

CONFIDENTIAL

Papua and New Guinea: political relations with House of Assembly

The Minister asks Cabinet to identify its attitude to recent moves in the Papua and New Guinea House of Assembly towards giving elected Members of the Assembly an increased say in the Territory Budget.

The Minister appears a little aggrieved that developments in the House of Assembly are not proceeding in line with pre-conceived ideas of orderly progression towards complete financial responsibility; and Cabinet is asked to wave the big stick of withdrawing financial support if the Assembly does not toe the line. The Minister indicates that he is ready to improve arrangements by which elected Members can participate more effectively in the framing of the Budget; but there is no indication in what way the Minister is prepared to move on this in response to the latest developments in the Assembly.

Before Cabinet endorses any attitude, we think the Minister should be asked specifically to set out the steps he proposes to take towards increasing local participation in the framing of the Territory Budget; and he should be asked to set out as well steps for increasing local responsibility for raising revenue. In earlier Submissions the Minister has indicated that he is against a 'split Budget', i.e., with the Assembly being responsible for the control over locally raised revenues. Cabinet has reserved its position on the issues. It seems to be an essential part of the Select Committee's proposals and an important issue for the Assembly, and the Minister could be asked to specify how far towards a 'split Budget' he contemplates going.²

[NAA: A5841, 453]

¹ Document 69.

² On 21 September, Cabinet endorsed the recommendations contained in paragraph 11 of Document 69, although it omitted the final sentence of sub-paragraph 3. Cabinet also recorded that in giving such approval, it 'directed attention to the importance of handling these matters with any eye to possible international reaction' (NAA: A5841, 453). Prior to the tabling of the submission, Warwick Smith had written to Lawler on 19 September (NAA: A4940, C1724 part 2), asking that the issue of relations with the House of Assembly be mentioned in the context of discussion of the submission on constitutional development (Document 67). Warwick Smith apparently believed that Cabinet would first consider Document 67, explaining that 'Some urgency attaches to this matter [of relations with the House] because pending such a reaction from Cabinet the Administrator of the Territory is under instruction to withhold assent to the Appropriation of the Ordinance'. In the event, both submissions were tabled in Cabinet on 21 September (see footnote 4, Document 67).

72 BACKGROUND PAPER FOR DISCUSSION WITH BARNES¹

Canberra, [28 September 1966]²

Review of implementation of recommendations of World Bank mission³

1. *World Bank mission recommendations*

Essence of the recommendations was the need for a long-term economic development programme based on three principles:—

- *Concentration of effort* ('in areas and activities where prospective return is highest.' Special reference made to agriculture, forestry, transport, secondary education and vocational training).
- *Standards*. (Standards of services, buildings, salaries to 'be related to Territory conditions'.)
- *Fostering responsibility*. (Give greater responsibility to the people, e.g. through urban and local government, imposing charges for economic and social service, and shifting to cash wages.)

The report suggested the content of an economic development programme, giving production, planting and other targets for the different economic sectors and suggesting projections of education, health and other services. It recommended that an economic planning unit be established to formulate a detailed economic plan and to co-ordinate the planning activities of the Departments.

2. *Action taken to implement recommendations*

- *Concentration of effort*. The annual budget reflects the policy of concentrating expenditure as far as possible in the economic sectors, although the proportion of expenditure in these sectors still falls somewhat below the average suggested in the report. This is principally because of the need to make provision for expanded tertiary education facilities, including the establishment of a university, the shortfall in Development Bank expenditure and the need to provide for increased salaries and wages arising out of arbitration. The latter increases have particularly affected the Social Service Departments which, for the most part, are the largest employers. Expenditure on the capital items required for economic development, e.g. roads, bridges, ports, has been particularly heavy. Expenditure on health has been kept to the modest levels proposed by the Mission and the recommended emphasis on preventive medicine has been maintained. As recommended by the Mission, expansion of primary education has been kept under restraint, although it has not proved possible to restrict enrolment in Administration schools to the extent suggested.
- Principle of concentration has been applied to areas as well as activities. Areas with the greatest potential for economic development e.g. New Britain, Western Highlands, the Northern District and Bougainville have been selected for priority treatment. At the same time an attempt has been made not to neglect the basic essential requirements of other areas containing large populations.

1 The brief appears to have been co-authored by DOT and the Administration.

2 Date possibly refers to that of projected meeting.

3 That is, the report of 1964 by the International Bank for Reconstruction and Development (IBRD)—see introduction.

- *Standards.* A concentrated effort being made to adjust public works, housing, wage levels to Territory conditions (i.e. to restrain the natural tendency for such standards to creep up beyond levels that the Territory could reasonably be expected to afford even with a substantial measure of Australian assistance. Indigenisation of the Public Service is progressing as rapidly as suitable indigenes become available at appropriate levels.)
- *Fostering responsibility by the indigenes.* Side by side with development of parliamentary institutions emphasis has been given to fostering local government bodies which have greatly expanded and increased in effectiveness. The same applies to co-operative and savings and loan societies. Start has been made in introducing appropriate charges for economic and social services e.g. rentals, fares on school buses, water and electricity.

3. *Action on economic development programme*

- *Planning.* Progress being made in formulation of co-ordinated programme. Economic Adviser appointed with small staff. Co-ordinator of Transport to be appointed.
- Planning at both the headquarters and district levels. Statistical service being improved and increased flow of information between departments being organised. District Co-ordination Committees are now functioning.⁴ Full information required for district development programmes to be provided, collated and analysed.
- Special efforts being devoted to revision [of] production and staff targets, surveying manpower requirements, and co-ordinating financial estimates and works programme in accordance with development priorities.
- Integrated development programme being formulated on basis of these activities.
- *Production etc. targets.* Variation in extent to which production and plantings of major crops conform to World Bank recommendations. Broadly conform in relation to indigenous sector, but shortages of investment have affected plantation activity. Good prospects for tea beyond those foreseen by the Bank Mission and favourable prospects for large scale production of palm oil not considered by World Bank. Also hopes for large scale mineral industry which were not evident at time of report. Good prospects of meeting Bank Mission targets for timber production, which were considered optimistic at the time. Cattle population has fallen below the Mission's targets mainly due to marketing and stocking problems and delays in the opening up of suitable land.
- Development has necessitated provision of roads, bridges and other facilities to an extent not foreseen by Mission. This poses great problem of determining priorities. Principle of concentration of effort being used as guide for this.

4 In a statement to the House, Henderson described District Co-ordinating Committees as having been 'formed to help in development at district level; they have also been formed to assist in planning development at district level. They are arms of the executive government ... [there are] standing instructions that they are to consult as widely as possible with local government councils, district advisory councils (DACs) and any other public body or person in districts on matters affecting district development' (*House of Assembly debates*, 12 September 1968, NLA: Nq 328.652 PAP, p. 554). The function of DACs is explained in footnote 4, Document 247.

- *Other economic activities.* Special steps taken to promote secondary industry, tourism, the provision of credit facilities (e.g. Development Bank), agricultural training (specially extension of Vudal), rationalization of land tenure, development of ports and harbours.
- *Staff requirements.* Need is twofold: to expand expatriate recruitments, especially in the professional and technical categories and to introduce indigenes at all levels which they are capable of filling. Recruitment of expatriates has fallen rather behind because of shortages in Australia and unavoidably restricted housing and other facilities in the Territory. Bank Mission did not set targets for indigenous recruitment, but this has been well maintained.

4. *Other aspects of development*

Although expenditure on health and primary education kept under restraint, need to provide for essential requirements and to produce healthy and adequately trained work force has meant very large expenditures still required in these areas. Proper balance in expenditure on these services and on directly productive economic activities will need to be maintained.

5. *Problems to be overcome*

- *Programming*
 - Economic Adviser and departments are encountering difficulties in recruitment of suitable staff. Concentrated effort will have to be made to overcome these problems by attention to classifications, provision of housing and highly selective recruitment.
 - World Bank programmes will have to be expressed in more detail and take into account recent developments, particularly the increased importance of tea, palm oil and, possibly, minerals in the economy.
 - Question of manner in which programme is to be made public still to be decided, but some public document seems necessary.
 - Important aspect will be manpower survey and need to co-ordinate with education policies.
- *Staff.* General shortages of professional and technical staff for reasons mentioned above. Will have to be tackled as indicated. Possible increased use of private consultants.
- *Political factors.* Natural tendencies to resist concentration of effort and restraint in the matter of standards. Development of parliamentary approach means vocal demands from all areas. Contact with expatriates means emulation of expatriate standards. Necessary to persuade people and their representatives that they cannot expect too much too soon. Propaganda effort to this effect required, directed also at expatriates, some of whom tend to encourage indigenous aspirations of this kind.
- *Training and employment of indigenes.* Although progress made, difficulties in clerical field because of lack of basic education and unpopularity of clerical pursuits. Also shortages of technicians although these in demand by both government and private sector. Difficulties in placing indigenes in positions of responsibility because of resentment by other indigenes. Answers to these problems must lie in the adjustment of education, apprenticeship and training policies generally. Great scope for development of vocational guidance.⁵

[NAA: A452, 1967/1357]

5 An attachment outlined progress in achieving specific IBRD proposals.

73 MINUTE, GUTMAN TO BALLARD

Canberra, September 1966¹

Reference: attached Bills for an ordinance to amend the mining ordinances of Papua and New Guinea²—proposed by Mr. Paul Lapun, M.H.A.³

It is considered that the attached Bills should be opposed for the following reasons:—

- it cuts across the basic principle contained in the mining laws that the Government owns the minerals and derives a royalty revenue from the exploitation of these minerals; and the private individual owns the land and is compensated by mining operators paying an ‘occupation fee’ and compensation for any damages to land or buildings
- this principle was re-affirmed in the Bill passed by the House of Assembly in June
- this principle operates today in most countries and money received from mineral royalties is an accepted part of Government revenue
- the effect would be to make a small group (already well recompensed by other charges on the mining company) rich at the expense of the remaining members of the community
- it is particularly important when the Territory is granted independence that the new nation has available adequate revenue resources
- the present bill was previously moved by Mr. Lapun as a new clause to the Bill introduced by the Government in June—the clause was then rejected by majority vote of the House
- subsequently the House accepted a further amendment to the effect that the minimum occupation fee payable by mining companies to land-owners be two dollars per acre instead of the Government’s proposal of one dollar per acre—this amendment was more-or-less an alternative to the rejected clause and Mr. Lapun is now trying to get both benefits for the land-owner.
- although 5% is not a large proportion it is obvious that this would be only the first step and that landowners would quickly press for this percentage to be raised.

2. While opposed to the Bill I do not consider we should seek to apply the rules of the House to have it deferred for 12 months. Rather, I think that every opportunity should be taken to win support for the Government view both before and at the next meeting of the House. For example it is proposed that reference be made to this matter in the Minister’s talk to the Chamber of Commerce, Port Moresby, next week.

¹ Exact date unknown.

² Not printed.

³ See paragraph 7, Document 69.

3. If, in spite of our efforts, the Bill is passed then we must accept it as the democratic right of the House even though potential revenue to the Administration is thereby lost.⁴

[NAA: A452, 1966/2475]

74 MEMORANDUM, DOT (WARWICK SMITH) TO ADMINISTRATION

Canberra, 10 October 1966

Preparation for the establishment of a Papua and New Guinea diplomatic service

I refer to your memorandum 2-1-5 of 2nd August, 1966 in which you suggest there is an immediate need to begin training recruits for the establishment of a Papua and New Guinea Diplomatic Service.¹

2. There seem to be a number of aspects of this proposal which require further consideration.

3. The establishment of a training scheme of the kind proposed seems to carry the implication that in the foreseeable future the Territory will be conducting its own external affairs as an independent state. Such an implication would conflict with the statements of Government policy that the present goal of constitutional development is internal self-government and, after some experience, the people of the Territory will choose whether they want to change their status and, if they do, whether they wish to become fully independent or to seek some form of association with Australia. The establishment of a training scheme which presupposes a particular choice could be regarded as implying that the Government is not sincere when it says that the people of the Territory will have these alternatives to choose between.

4. It also seems relevant that many countries which have recently achieved independence, some of which are far less dependent on outside economic aid than Papua and New Guinea is likely to be, have not found it practicable financially to establish a full diplomatic service and have only appointed representatives at the United Nations and a very few other countries with which they have particular association. For example the only African

4 In a marginal note of 29 September, Ballard responded: 'There are really two levels of possible preliminary objection. Section 50 of the PNG Act sets out a basic constitutional proposition that money bills may not be introduced without a message from the Administrator. We have asked for AG's advice on whether this section applies to Paul Lapun's Bill. If it does I think official members *must* take the point otherwise we can get into awful trouble with the Budget in future. The second level only applies if section 50 does not—and I am inclined to think it does not—apply. [This] relates to Standing Orders and in this area there is clearly room for a policy decision on whether, for example, official members should oppose a motion for suspension'. In contrast, Ahrens had earlier noted a discussion with Espie in which the latter had said that 'he understood that the Administration's proposal for the next meeting of the Assembly would be to try and muzzle the Bill by evoking the rules of the House ... Espie thought that this would be a bad thing and that it would be much better to discuss the {matter} openly and for the Administration to try and obtain sufficient votes to have the Bill rejected. However he thought that it should be recognised that we were trying to set up a democratic Government and it was wrong to try and emphasise too strongly the Australian view on questions such as this if the local people had other ideas of their own' (minute, Ahrens to Gutman, 26 September 1966, NAA: A452, 1966/2475).

1 Document 55. Cleland had written twice after his original memorandum of 2 August, requesting a prompt response to his proposal. He noted both that there were 'indications of rising interest in the subject by some M.H.A.'s as well as by some members of student bodies' (memorandum, Administration (Cleland) to DOT, 30 August 1966, NAA: A452, 1966/3850) and that a training scheme involved 'a considerable amount of detailed preliminary work and forward planning' (memorandum, Administration (Cleland) to DOT, 22 September 1966, *ibid.*)

diplomatic mission in Canberra, apart from the United Arab Republic and South Africa, is one recently appointed from Ghana. For these limited requirements it is understood that the countries concerned have found their representatives from among their ordinary public servants or political figures. It is questionable whether an assumption should now be made that, if and when the Territory becomes fully independent, it will wish to direct its resources towards a full diplomatic service.

5. Apart from these policy issues it seems necessary to place any proposal for such training in a framework of considered priorities related to the real needs of the Territory. I attach a note setting out a list of priority activities in which training is in progress or is required.² Many of these arise directly from the World Bank Mission recommendations for the development of the Territory and, as such, seem to rate a higher priority than diplomatic training. A diplomatic training course would be likely to attract some of the more able and enterprising students from training courses which may seem more mundane to students but for which the need is more urgent.

6. For these reasons the Department's preliminary view is that it would not be appropriate to establish a diplomatic training course at the present stage. I should be glad to know whether you would wish the matter to be placed before the Minister for a decision in principle and, if so, whether there are any further points you would like to have drawn to the Minister's attention.

[NAA: A452, 1966/3850]

75 MINUTE, BALLARD TO GUTMAN AND WARWICK SMITH

Canberra, 20 October 1966

Bougainville

[*matter omitted*]¹

5. We have always thought that the main objection to the existing law had not come from owners of the land themselves but came from the people in the adjoining area who would not directly benefit if the royalties were to go to the owners.

6. There may be possibilities here of a compromise which would not challenge our basic premise that the minerals belong to the Administration and their proceeds should be available, generally, for the development of the Territory.

2 A lengthy list which outlined, inter alia, training requirements for the Administrative College and the University of Papua and New Guinea (UPNG); for teachers and medical staff; for veterinary, agricultural, fisheries and forestry officers; and for indigenous workers in aviation, statutory authorities and land titles work. Areas in which training had started and was ongoing included, among others, manpower management, farmer training and co-operatives.

1 Matter omitted includes mention of an article in the *Australian* that claimed Paul Lapun's proposed amendment to the mining ordinance (see paragraph 7, Document 69, and Document 73) would result in payment of royalties into a special development fund. Ballard objected: 'This is not of course what Mr Paul Lapun's bill would do ... The Ordinance provides for the Administration to pay the owner 5% of the total amount of royalties and for the Administrator-in-Council to vary the amount payable to the owner'.

7. It might, for example, be possible to propose an amendment to Paul Lapun's bill to provide that the 5% which he proposes should go to the owners of the land should go into a development fund which would be used for the development of the administrative district from which minerals came. A provision of this kind would probably make very little difference to the money available to be spent in the area and although it might offend against precedent, it might help to secure greater acceptances in Bougainville and the defeat of Lapun's proposed Ordinance.

[NAA: A452, 1966/2475]

76 MINUTE, BALLARD TO GUTMAN AND WARWICK SMITH

Canberra, 24 October 1966

Bougainville

The Minister saw the Apostolic Delegate¹ in [the] Sydney Office on 21st October.²

2. The Minister started by explaining the background of his present concern over the activities of the Bishop in Bougainville. The Archbishop agreed that the situation was dangerous and asked whether it would not be possible for the Government to move from its position so that a compromise solution might be sought. The Minister said that the Government had already done this and he thought the compromise reached in the last House of Assembly would have been accepted had it not been for the intervention of Bishop Lemay and some of his priests.

3. The Archbishop seemed generally sympathetic with the Government's approach to the substance of the matter but said there was little he could do to direct Bishop Lemay; he could only counsel. What he had in mind would be to suggest a meeting of all the Bishops of New Guinea in order that their combined influence could be brought to bear. This could not, however, be brought about before the House of Assembly met in November.

4. In view of the time element the Archbishop said he would write to both Bishop Lemay and Bishop Copas.³ The letter to Bishop Lemay would not refer to an approach

1 Archbishop Dominico Enrici, Apostolic Delegate for Australia and Oceania.

2 Barnes had written to Enrici on 11 October, asking for a meeting and noting that the Roman Catholic mission on Bougainville had been 'expressing opposition to the existing laws relating to the ownership of minerals and the payment of royalties on minerals'. Barnes described a meeting of 'over 35 Roman Catholic priests', presided over by Leo Lemay (Vicar Apostolic of the Northern Solomon Islands) which passed a resolution that the Bougainville mission 'make known the voice of the people in protesting against the present Mining Ordinance'. Forwarding a number of documents, including communications from Lemay to Cleland, Barnes commented: 'I appreciate that there are circumstances in which a Bishop will feel he must speak publicly against the policies of a Government which he feels are contrary to the precepts of his Church. The basic issue involved here, however, is whether the proceeds of the development of Bougainville should be made available for the benefit of all the people of Papua and New Guinea or should go to the enrichment of relatively few people. In the circumstances of the Territory continuance of the public disagreement between the Government and the Mission on this matter can do great harm ... I regard maintenance of the Government's position as vital to the orderly development of the Territory and the advancement of its people. On the other hand, it is apparent that an open and deepening breach between the Roman Catholic Mission on Bougainville and the Government is something to be avoided if practicable' (NAA: A452, 1966/5311).

3 Virgil Copas, Roman Catholic Bishop of Port Moresby.

by the Minister but would express his concern at the various publications he had seen, particularly the *South Pacific Post*,⁴ on his return to Australia. He would point out that this attitude might lead to violence if the House of Assembly refused to accept Lapun's Bill. The letter to Bishop Copas would seek his views and advice generally. When the Archbishop had received replies he would write to the Minister again.

5. While the meeting was definitely worthwhile in that the Apostolic Delegate has heard, and appreciates, the Government's view the Minister doubts whether his intervention will have more than a restraining influence upon Bishop Lemay.

6. After the meeting I mentioned to the Minister the possibility of asking the American Embassy whether pressure could not be placed upon Bishop Lemay's Mission headquarters in the U.S.A. The Minister asked that this should be pursued and I am taking this up with the Department of External Affairs.

[NAA: A452, 1966/2475]

77 MEMORANDUM, ADMINISTRATION (CLELAND) TO DOT

Port Moresby, 24 October 1966

Bougainville mineral prospecting dispute: operations of Conzinc Riotinto of Australia Limited

Forwarded herewith are two copies of a paper prepared in the Department of Lands, Surveys and Mines, under date of 21st October, 1966, in which the prevailing circumstances at Panguna and the Kieta area are described, and suggestions made as to measures which might be taken to reduce the resistance being shown by landowners and other sectors of the local community against the present and proposed operations of Conzinc Riotinto of Australia Limited.¹

2. The conclusion to be drawn from this paper is that the existing local situation demands immediate relief unless there is an acceptance by the Government and the Administration of the risks of riots and suicides,² with the consequent effects on international opinion and on the future prospects of foreign investment in the Territory. In view of the seriousness of the consequences for the Territory if the situation results in violence, or if the Company finds its position untenable, it is considered that the Administration must take the lead in seeking a solution.

3. Listed at paragraph 21 of the paper, and discussed in the paragraphs following thereafter, are various suggested measures which might be taken in an attempt to create a more favourable atmosphere. These measures are:

4 Lemay's defence of the Bougainvillean 'right to speak'—and against what he termed the Administration's attitude of 'We pay; so please do what you are told' (*South Pacific Post*, 23 November 1966, NAA: A452, 1966/5530)—created controversy in the Territory, and was liberally reported in the *South Pacific Post* (see, for example, excerpts from 18 and 25 November 1966, *ibid.*).

1 Not printed.

2 The report quoted a local Administration officer who had written: 'I regard the threats of suicide as being quite serious. I would like it appreciated at a Headquarters level that I feel suicides are probable. I also feel that we may well have to use physical persuasion to remove people from drill rigs'.

- (1) acceptance of the concept of sharing royalties with the landowners;
 - (2) making provision for resettlement of native people disturbed by mining operations;
 - (3) making provision for participation by local people in the capital structure of the operation;
 - (4) crash programmes for developmental projects in the general area of southern Bougainville, and in the particular areas of the mining operations;
 - (5) organised effort to improve public relations between the local people and the Administration and the Company respectively;
 - (6) convening of a conference between representatives of the local people and senior representatives of the Administration.
4. Of these suggested measures it is considered that only a compromise in the matter of royalties could be implemented quickly, with any prospect of having a significant immediate effect. It would also offer face-saving advantages if the resistant landowners were to accept the compromise.
5. The House of Assembly at its next meeting will consider the Bill of Mr. Paul Lapun M.H.A., which proposes a sharing of royalties by landowners, and the House will no doubt debate the matter also in a general context. The House contains a majority of elected Members, most of whom have inadequate experience to fully assess the economic and political significance of the matter upon which they will be required to vote. Because of this it will be the responsibility of the Administration to consider the likely consequences of both the passage and the defeat of the Bill, and to advise the House accordingly.
6. In the light of the circumstances outlined in the paper, would the Government give consideration to reviewing its policy on the matter of royalties? If it is decided to undertake such a review it would be important that the matter be finalised before the House considers the amending Bill to be presented at its November meeting.

[NAA: A452, 1966/5530]

78 LETTER, BARNES TO HASLUCK

Canberra, 25 October 1966

I have received the letter which you sent me on 7th July¹ together with a copy of the report of the Sub-Committee of the Joint Committee on Foreign Affairs² after its visit to Papua and New Guinea.³

I would be glad if you would convey to the Committee my appreciation for their report. I concur with the views of the Committee in many respects but there are points of difference. In particular I do not agree that at the present stage of the economic and political development of Papua and New Guinea it is in the best interests of the Territory or of Australia to try to determine the ultimate constitutional goal or the precise form of association that may be appropriate.

It is, of course, extremely difficult during the course of a fortnight's visit to sum up the total situation in a Territory of such diversity. It is, perhaps, a pity that the Sub-Committee were not able to spend longer in the Highlands, where nearly half of the population live, as I believe the people of this area will exercise an increasing influence in the years to come.

Nevertheless because the interest of the various organs of the United Nations, and of foreign countries, in the Territory is clearly growing, I am glad that the Sub-Committee of the Foreign Affairs Committee should have paid this visit to Papua and New Guinea.

[NAA: A1838, 936/1/3]

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- 1 Hasluck asked Barnes for any views he might have on the report under reference (NAA: A1838, 561/6/10).
 - 2 Established on 27 February 1952, the Joint Parliamentary Committee on Foreign Affairs consisted of Coalition senators and members of the House—in lieu of the Australian Labor Party's (ALP) refusal to join—who were empowered to discuss and make recommendations on foreign policy issues. The ALP accepted membership of the Committee in May 1967.
 - 3 Inter alia, the report noted the sub-committee's assumption that independence was 'inevitable' and argued that 'The most difficult dilemma posed by this situation is whether economic viability must precede political competence, or vice versa, or whether some other synthesis is possible ... We believe that the Australian government should make a categorical statement now rejecting "Seventh Statehood" as an option open to the people of Papua/New Guinea. The longer the present ambiguity remains, the more difficult it will be to resolve this issue on a rational basis ... We deduce from the evidence that the "crunch" situation will develop after the 1972 elections to the House of Assembly. We refine this to the period 1973–75, i.e., prior to the election of 1976. This process could be accelerated by the development of any dramatic frictions in the interval ... What steps should be taken by the Australian government in anticipation of the crucial period? Our conclusion is that certain step by step increases in responsibility should be accorded to the House of Assembly to the point where sovereignty was assumed ... It is manifest that such a process requires skilful manipulation, but we strongly emphasise that this will be easier prior to 1976 than afterwards ... We have noted the internal expression of the fear of independence. This is, we believe, a neurosis induced by several factors ... We reject the neurosis as being a proper foundation for policy and cannot countenance the influences that further it'. The sub-committee envisaged PNG being linked to Australia by treaty obligations after independence (undated report by Joint Committee on Foreign Affairs, NAA: A1838, 561/6/10).

Bougainville copper: negotiations between the Commonwealth and CRA

Following talks of February and March,¹ Commonwealth and CRA representatives met in June, August and October to continue negotiations on an agreement to cover mining in Bougainville.² Dialogue was at times tense, with the company commenting in August that it had been 'disappointed with the tenor of the discussions and felt that [CRA's] high rate of past expenditure [on the island] had militated against good conditions ... [it] had regarded the whole negotiations as a package deal in which the value of the whole to the Territory should be considered ... It was felt that some of the terms suggested to them bore little evidence of realisation of this'.³

Negotiations were also affected by time constraints, with Warwick Smith explaining to Treasury that 'We are under pressure to complete negotiations as early as possible in order to finalise all formalities including the passage of Territory legislation before the next Territory election in 1968'.⁴ Specifically, it was thought that agreement would have to be reached with CRA in time for a first and second reading of the draft in the House during March 1967. In the words of a Territories officer, this would avoid 'seeming to "steam roller" it through [the] House' at the eleventh hour.⁵

1 Documents 11 and 33.

2 See minute, Gutman to Warwick Smith (on meeting of 28–29 June), 21 July 1966, NAA: A452, 1966/2475; DOT notes of discussion, 19 August 1966, NAA: A452, 1967/1107; and notes of discussion, 12–13 October 1966, *ibid*.

3 DOT notes of discussion, 19 August 1966, *ibid*. These notes were marked: 'Departmental use only. Not supplied to CRA or Admin'.

4 Memorandum, DOT (Ahrens) to Treasury, 27 October 1966, NAA: A452, 1966/5530.

5 Minute, A. Geoghegan (Investigation Officer, Economic Policy Section, DOT) to I.R. Grigor (OIC, Economic Policy Section, DOT), October 1966 (exact date unknown), *ibid*.

79 SUBMISSION, GUTMAN TO BARNES

Canberra, undated

Bougainville copper—discussions with C.R.A.

Further discussions have been held with C.R.A. representatives regarding the principal provisions of a draft agreement on mining the Bougainville copper deposits.

2. Agreement in principle has been reached on a number of matters, the main ones being—

- Exploration, etc. - not less than \$5m. to be spent
 - security of tenure for company
 - application for Special Mining Lease no later than 31/12/1971.
- Leases
 - guarantees to company of grant of necessary leases
 - first rights of company to mine any minerals discovered.
- Construction
 - to be completed to stage of shipping concentrates within five years of grant of leases
 - expenditure not less than \$25m.
- Further Processing
 - feasibility report 6 years after commencement of production and further reports at 3-year intervals
 - company may be required to sell 50% of its concentrates to another processor if it fails itself to establish further processing within 15 years of commencement of production.
- Extensions of Time
 - permitted by agreement of Administrator or if for marketing or financing reasons by decision of an Arbitrator if necessary.

3. A number of major questions will have to be resolved before the heads of an agreement can be finalised. The position on these is as follows—

- Taxation and Royalty
 - a 50/50 concept has been agreed in principle which (a) provides an umbrella that protects the company against excessive revenue measures directed at it and so avoids numerous specific exemptions from a variety of duties and taxes; and (b) provides a basis for sharing by the Administration in excess profits
 - agreed that company be liable for general income tax and royalty irrespective of the proportion these bear to profits
 - level of royalty and provisions on export duties not yet agreed upon.
- Three-year Tax Holiday
 - C.R.A. regard as essential to assist raising of capital and repayments of borrowed funds

- effect would be to postpone the write-off of capital for tax purposes and hence the payment of income tax¹
- difficulties foreseen in discriminating in favour of company
- general provision to permit tax holiday would require changes in Territory legislation
- being examined by Department in conjunction with Administration.
- Financial Participation
 - C.R.A. propose Administration be offered 20% of equity at a premium and subject to Administration finding 20% of borrowed capital
 - Cabinet Submission will be necessary to authorise participation
 - Discussions with Treasury being arranged on this and other matters.
- Guarantees Against Expropriation
 - C.R.A. request insurance or other guarantees to protect investment against expropriation.
 - In view Commonwealth policy on investment insurance it is considered impracticable to meet C.R.A.'s request.

[NAA: A452, 1966/5530]

1 CRA commented in the October meeting with Commonwealth officials that 'Unless [the three year tax holiday and deferment of capital allowances] were settled in the company's favour it was highly probable that no agreement could be signed' (notes of meeting, 12–13 October 1966, NAA: A452, 1967/1107). Treasury's advice to Territories was uncompromising on these questions: 'While some countries, including Canada, exempt from taxation income derived during the early years of the life of a mine, they may levy tax on these new enterprises long before the enterprise has regained its invested capital ... Under the income tax laws of Australia and the Territory of Papua and New Guinea, a company may remain free from income tax until all of its capital expenditure on necessary plant, development of mining property, and, in some instances, exploration has been allowed as deductions for income tax purposes ... The suggestion that the company should be allowed a three-year tax holiday and deferment of the capital allowances under Division 10 of the New Guinea Ordinance is seen as an attempt to get the best of both systems. Moreover, it is certainly not a balanced approach to taxation of the mining industry' (memorandum, Treasury (Craik) to DOT, 24 October 1966, NAA: A452, 1966/5530).

80 LETTER, FAIRHALL TO HASLUCK

Canberra, 7 November 1966

CONFIDENTIAL

[*matter omitted*]¹

The sub-committee visited a number of important defence installations in the Territory including those at Manus and Wewak². These installations are of great importance in the existing circumstances to the defence of Papua New Guinea, to Australian national security, and to maintaining our strategic communications with Asia and through the Pacific.

The Government is fully aware of the particular importance of preserving the morale of the armed services and police in whom, we assume, will eventually be vested responsibility for defending and preserving the law and order of the Territory. For this reason, while the territorial defence forces must continue for a considerable time to be based on direction and training by Australian personnel, we envisage increasing participation by indigenes in the officer ranks as and when suitable personnel become available. Undue restriction of growth in local control of defence forces, which did not keep appropriate pace with constitutional developments, would appear unlikely to be conducive of real security in the short or long term.

Without wishing to enter into the merits of the matter of an airforce for the Territory, which the sub-committee's report raises, I would suggest that for some time at least the financial implications alone would appear likely to inhibit the growth of any New Guinea controlled airforce of significance.

In general the Defence viewpoint is that our interests may be best served by the development of a cohesive population and administration including armed services personnel which will remain well-disposed towards Australia. To the extent that this is achieved, the institution of whatever new defence arrangements are appropriate to the future constitutional status of the Territory will be facilitated.

[NAA: A1838, 936/1/3]

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- 1 In matter omitted, Fairhall referred to Hasluck's letter of 7 July, which had asked for views on the Foreign Affairs Committee report (see Document 78). Fairhall requested that his comments be passed to the Committee chairman.
 - 2 On defence and civil order, the Committee's report had asserted that because of possible disloyalty, Australia should maintain control of the army, police and any air force that might be created for as long as possible—and more broadly it was claimed to be of the 'highest importance for Australia to have a secure strategic base to cover the open flank exposed to Indonesia' (undated report by Joint Committee on Foreign Affairs, NAA: A1838, 561/6/10).

Lapun's bill and the situation on Bougainville

*Paul Lapun's bill*¹ was passed on 25 November by 31 votes to 21, after a debate in which the official view was put strongly by both Watkins and A.P.J. Newman (Treasurer, PNG).² Both argued that the House should see the Bougainville problem in terms of the national good and therefore affirm state ownership of mineral deposits. The Administration later telexed DOT that most elected members had 'accepted that all of [the] community should benefit from mineral wealth', though there had been 'little acceptance that landowners had no rights to minerals at all'.³ For his part, Lapun had tried to reassure members of the House who doubted that the proposed royalty would solve difficulties on the island:

*I say to you that they will be content with 5 per cent. They will be happy ... I am a Buka man and I understand the Buka people ... they will be happy ... These people will be pleased with this five per cent and also pleased about the major portion of the royalties going to the Government to help it develop this country. This is a fact.*⁴

The Department of Territories was disenchanted with the result. A telex from Ahrens to Gutman noted that 'Consideration [was] now being given in Government Branch to pros and cons of refusing assent or pressing amendments which would make the new ordinance more acceptable'.⁵

Ballard subsequently proposed an amendment that would provide compensation to owners for damage or loss of land, with remuneration to be funded via royalties. Landowners would not, however, receive direct royalties from the extraction of minerals.⁶ Ahrens objected to Ballard's plan, arguing, *inter alia*, that 'relevance of compensation for damage to the participation of landowners is unlikely to be understood by natives'; that 'Compensation for damage or loss of land is not all the natives want'; that 'there would be no funds available [for some time] for which to make compensation payments'; and it was 'inadvisable to so patently attempt to immediately reverse the decision of the House of Assembly'.⁷

These arguments were accepted. Ballard prepared another alternative, asking on 13 December for the drafting of an amendment which would 'provide that Lapun's Bill applies only to communally owned land and communal land which has been converted to individual tenure ... it would not therefore apply to freehold, leasehold, Administration or submerged land'.⁸ A second amendment was that royalty for each eligible landowner would be 'determined in proportion to the area of surface land owned'.⁹ From the viewpoint of the Department and the Minister, the first amendment was essential because 'there may be only a small percentage of land alienated in the Territory, but there are nevertheless a substantial number of individual holdings [of alienated land] and the area is substantial

1 See paragraph 7, Document 69.

2 *House of Assembly debates*, 24 November 1966, NLA: Nq. 328.952 PAP, pp. 1945–6, 1949.

3 Telex 497, Cleland to DOT, 24 November 1966, NAA: A452, 1966/5530.

4 *House of Assembly debates*, 24 November 1966, NLA: Nq. 328.952 PAP, p. 1964.

5 Telex 379/C2824, Ahrens to Gutman, 28 November 1966, NAA: A452, 1966/5530.

6 This proposal, outlined in a minute to Warwick Smith, has not been found, but is inferred from minutes, Grigor to Ahrens, 6 December 1966, and Ahrens to Ballard, 7 December 1966, *ibid*.

7 *loc. cit*.

8 Minute, Ballard to Swift, 13 December 1966, NAA: A452, 1966/5311; also, Ballard to Evatt, 13 December 1966, *ibid*.

9 Telex 263/95, Warwick Smith to Hay, 13 January 1967, NAA: A452, 1967/1347.

in relation to the payments that could be involved if a commercial mineral deposit were to be discovered on alienated land'.¹⁰ At the same time, the second amendment would, as Ballard expressed it, 'take no account of the amount or value of minerals extracted from anyone's land'¹¹ and was the 'only way of distribution which will not involve us in interminable argument'.¹²

Acceptance of Lapun's bill with amendment was also seen as sound from a political perspective. Thus Ballard described to Swift a conversation with Grove and Henderson:

Grove said that there were a number of mixed motives in Lapun's Bill and we could not take it that the 5% was only intended as a sop to Bougainville. Other members had identified this with possible finds in their electorates and there would be very unfavourable reactions if [assent to the Bill was withheld.]

Grove's view, with which Henderson agreed, was that we should stick to the recommended amendments ... I incline to this approach too. We are clearly going to have trouble in Bougainville and it will be best to have this with the House of Assembly behind us rather than against us.¹³

On the ground, Territories believed there were increasing tensions between the Commonwealth, on one hand, and Bougainvillean indigenes and missionaries on the other. In November, Cleland had written to DOT of two articles in a Catholic publication that 'come close to inciting subversion ... [and] are probably the most inflammatory items on Administration and indigenous relationships yet published by a non-Communist organisation'.¹⁴ In December, Ballard minuted Warwick Smith that 'opposition in the area of CRA operations is clearly hardening; and Paul Lapun's Bill is not having the slightest effect'—and he noted 'reports from Police sources which were causing ... concern'.¹⁵

Barnes consequently wrote to Enrici of his 'real concern ... that the situation is potentially explosive and could lead to serious and ugly incidents between Conzinc Rio Tinto and the local people', and he complained that Lemay had supported Lapun's bill and yet it remained 'only too clear that one of the elements prompting opposition by the local people is the attitude of certain Roman Catholic Priests'.¹⁶ Barnes suggested that the church send a representative with Administration officers to 'ascertain the true facts of the situation'. Further he claimed that 'a peaceful solution to the trouble will not be possible unless the positive and militant opposition ... being shown by some of the local priests is stopped' and he asked for 'advice regarding any action which you yourself could take or suggest that the Administration take'.

Concurrently, Warwick Smith cabled the Administration, stressing the Minister's concern

to ensure [the] situation ... is handled in [the] best possible way and that all possible steps are taken in advance to remove or mitigate legal opposition before any serious incident occurs ... [the] Minister's approach should be tackled in [the] following separate stages—

10 Telex 284/201, Warwick Smith to Hay, 27 January 1966, *ibid.*

11 Minute, Ballard to Evatt, December 1966 (exact date unknown), *ibid.*

12 Minute, Ballard to Swift, 22 December 1966, appended to *loc.cit.*

13 *loc.cit.*

14 Memorandum, Administration (Cleland) to DOT, undated (received 14 November 1966), NAA: A452, 1966/5311.

15 Minute, Ballard to Warwick Smith, 22 December 1966, *ibid.*

16 Telegram, Barnes to Enrici, 23 December 1966, NAA: A452, 1967/1347.

- (a) *establish the facts on an authoritative basis at highest practicable official level*
- (b) *do everything possible to remove adverse activity of local missionaries*
- (c) *to offer every facility and opportunity to locals on the spot to be re-settled on land as good as the land affected or likely to be affected by the mining operation*
- (d) *at appropriate stage to bring the Administrator's Council into the picture (he thinks probably at its next meeting) and similarly with the House of Assembly for endorsement of steps to ensure that the mining operation goes forward (records of debate may already provide sufficient basis for this with respect to the House)*
- (e) *Having taken these steps and in particular having explained the royalty payment position, land rental and compensation payments, etcetera, and having offered resettlement, the mining operation would then have to go forward.*¹⁷

*Enrici replied on 24 December that other Catholic bishops in PNG had no jurisdiction over Bougainville and that it was 'not customary' for the apostolic delegation to dispatch an envoy in such a situation. He could go no further than suggest that Bishop Copas might write to Lemay 'as a friend', while he (Enrici) would ask for a report from Lemay 'underlining the dangers ... and urging him to do all in his power to solve the difficulties'.*¹⁸

In the Territory, senior Administration officer T.G. Aitchison was dispatched to Bougainville.

¹⁷ Telex 288/1216, Warwick Smith to Henderson or Cleland, 23 December 1966, *ibid.* In a telex of the following day, Warwick Smith cautioned Henderson: 'use of force cannot repeat not be allowed in respect of the mining operation without explicit authorisation by [the] Minister and he will not repeat not authorise it without [these] steps ... having been put into effect and having himself studied the resulting reports' (telex 1197, Warwick Smith to Henderson, 24 December 1966, *ibid.*).

¹⁸ Letter, Enrici to Barnes, 24 December 1966, *ibid.*

81 LETTER, WARWICK SMITH TO CLELAND

Canberra, 15 December 1966

We had some useful talks with Mr. McCasker and Dr. Parker¹ recently on the work under way on the development programme and I am writing to mention the main points that emerged during the talks and to look at them in the context of our overall objectives.

The first point is that the development programme must be based on the World Bank Mission Report.² We have no mandate to prepare a programme on any other basis. Our only authority is the Government's decision on the Report. It accepted the Mission's production programmes as a working basis for planning and its proposals and suggestions for the development of manufacturing industry, tourism, mining, power supplies, transport and communications were accepted as guides for policy and action. The Government decided that additional expenditures should be concentrated on increasing production from agriculture, livestock and forestry and on accelerating the advancement of the native people through training and education. It recognised along with the Bank Mission that the rate of expansion of activities such as curative health services, primary education, public utilities and general government services should be related to the capacity of the Territory's population to contribute towards them ...

Mr. McCasker is in effect required to translate the Mission's proposals into a draft practical programme of action for the Minister's approval, and for presentation to the House of Assembly and the public of Papua and New Guinea. This is a substantial task, particularly in view of developments since the Report was written and because of gaps in the Report itself, but where revisions in the Mission's targets and programmes are considered necessary the reasons for departures from the Report must be fully substantiated. The Minister will need to consider each proposed change closely in the light of the Government's decision on the Report.

[matter omitted]

In translating the Mission's programmes into specific programmes and projects and in assessing their implications I would not want Mr. McCasker to be put off by fears about likely costs. The programmes for the productive sectors should at this stage be prepared with an eye to achieving the development envisaged by the Bank Mission. The cost of these programmes can be examined closely at a later stage. On the other hand programmes for the non-productive areas including general administration services should be kept under restraint as suggested by the Mission and each proposed increase in expenditure will need to be carefully considered.

We have discussed with Mr. McCasker the two stages in the preparation of the development programme which are considered appropriate. The first stage is the preparation of a general paper for the House of Assembly by February, 1967. This would discuss broad objectives and targets as well as the background to the Government's policies for development. The second stage is the preparation of a more detailed and comprehensive programme along the lines of Mr. McCasker's 'basic' development programme which could be published in time for the 1967 budget session.

1 Dr M.L. Parker, Office of the Economic Adviser, PNG.

2 For background, see introduction and Document 72.

[*matter omitted*]³

Attachment

NOTES OF DISCUSSIONS BETWEEN McCASKER AND DOT

Canberra, 21–24 November 1966

Papua and New Guinea development programme

Approach to programme

The principal aim is to prepare a development programme based on the I.B.R.D. Mission Report extending to 1969/70 which will achieve a quantum of development approximately equal to that recommended by the I.B.R.D. This programme would be in some detail, spelling out departmental requirements in physical and financial terms, and the estimates for 1967/68 would be directly related to it. The approach adopted in the budget paper 'expenditure and physical performance' in 1966/67⁴ was intended as a first step towards the preparation of such a programme, and all departments of the Administration have been instructed to set down targets and produce estimates in this form up to and including 1969/70.

This basic programme should be completed by mid-1967 in time for consideration in conjunction with the estimates. If approved, it would be published in advance of the budget.

In the meantime, it is considered essential to produce a summarized programme, based on such detail as is available, before the end of February, 1967. This document would also be published.

It was recognised that the basic programme would, for the most part, be expressed in global terms. It would be necessary as a matter of urgency to translate the programme into specific projects, which would need to be planned in detail and submitted for approval. The programme should be revised each year. The Secretary suggested that each issue should contain a section exploring some particular aspect in detail. He expressed the view that the publications should show the significance of the Commonwealth grant to the economy.

[*matter omitted*]

Critical areas for policy consideration

- Cost of programme
 - Estimated costs will not be known until departments have completed their projections. These are due by the end of November.

3 Matter omitted included the comment that draft documents would have to be cleared through the normal channels, with approval of the Minister being of particular importance 'because of the political implications of [the papers] and because he will have to take full responsibility for them'. It was also remarked that drafts might be passed to recognised experts and other Commonwealth departments such as Treasury. McCasker responded on 21 December that 'unless a good deal more in the way of revised programmes and detailed policy implications can be taken on trust (which, I admit, is a tall order), I do not think it will be practicable to produce a very meaningful document in February' (minute, McCasker to Warwick Smith, 21 December 1966, NAA: A452, 1966/6372).

4 Not printed.

- However, it appears likely that quantum of development required will cost substantially more than estimated by I.B.R.D. Mission and probably more than would be suggested by projection of recent expenditure trends (the latter would amount to about \$194M. by 1969/70).

- On the revenue side, the recent rate of increase of 22.5% per annum may not be maintained. Even if it is, internal revenue by 1970 would not be more than about \$71M.

- On this basis, the gap between expenditure and revenue in 1969/70 might be about \$123M. (The Economic Adviser advanced this as a probably conservative estimate on present indications.)

The Secretary felt that emphasis would have to be placed on raising additional revenue for which he could see considerable scope.

He did not accept that, if the estimates of costs were as expected, the programmes for the productive sectors should at this stage be modified on that account. However it was imperative to restrain expenditure in non-productive fields as suggested by the Bank Mission.

- Balance of Payments

Many difficulties were being experienced in producing balance of payments projections. However, it appeared inevitable that the unfavourable balance on current account would continue to increase throughout the programme and for many years beyond it. Tentative projections suggested an unfavourable balance of \$139M. by 1970. This deficit has to be financed by the Commonwealth grant, other Commonwealth expenditure and capital inflow. On the same basis, the deficit could be about \$260M. by 1974. (*N.B.* These figures are tentative in the extreme and suggest a continuing difficult balance of payments position.)

- Indigenization

It was recognised that the rate of indigenization will have an important bearing on the cost of the programme. The Public Service is major employer and should set the pattern for others. Therefore there is urgent need of analysis of Public Service manpower statistics and consideration of target rates of indigenization.

- Education programme

Need for careful consideration of implications of present policies. Could be problem of absorption of secondary school graduates within relatively few years. Necessary to examine now the need for rationing of secondary and tertiary education numbers that can be employed. This implies linking of education policies with policies on manpower and indigenization. (*N.B.* Noted that Administration's Education Review Committee is considering this problem.)

- Policy for development of secondary industries

Need to consider carefully attitude to development of industries which may, on the surface, suggest some import replacement but which may have other less favourable implications, e.g., stimulation of consumption and demand for imported materials (cigarette production is a good example). Employment giving aspects of secondary industry recognised, but cannot be considered in isolation from other factors. Also need for care in considering applications for

protection, particularly in view of the effect on costs of works programmes and export industries.

- Implications of agricultural, etc., targets

- Noted that high expenditure of plantings and infrastructure, etc., up to 1969/70 will not have significant effect on production until early or mid-1970's. This has obvious implications for exports and taxable capacity in the short run. Real benefits will not be felt until later. The heavy costs and relatively small immediate returns from programme should be viewed with this in mind.

- Noted that the major contribution from mineral industry cannot be expected before mid-1970's.

- Rubber programme

Department considers some expansion of export rubber programme should be considered. Possibility of development of large estates, e.g., in Madang area, was considered.

- Cattle industry

Department thinks that limitation of programme because of non-availability of sufficient breeders might not be justified to extent suggested. Feels that more breeders could be obtained from Australia. (Economic Adviser felt that development of meat production, while important, was of lower order of priority than development of export crops. Main result of increased beef production would be to improve native living standards and to replace some imports. Net contribution to the balance of payments should not be exaggerated.)

- Noted that realisation of targets will require, in particular, much larger expenditure than envisaged by I.B.R.D. Mission. I.B.R.D. Mission did not consider this subject at length and apparently had much lower standards in mind than would now appear practicable.

- Accelerated programme for mineral exploration

Urgent need for consideration of measures to intensify mineral exploration. (Department is examining this.)

- Coffee

Problem of controlling level of production has arisen and could become serious in near future. Native production, in particular, was increasing and might not be controllable.

- Tea

Question of achieving greater native participation in the industry was raised.

82 NOTES OF DISCUSSIONS BETWEEN WARWICK SMITH, GUTMAN, MCCASKER AND MANSFIELD¹

Canberra, 23 December 1966

Development programme—Papua New Guinea

The following is a summary of the main conclusions reached on the nature of the proposed document to be issued in February, 1967—

- Basic purpose
 - foster understanding and provide basis for discussion of what Government trying to do;
 - genuine effort to take account feelings of people and appreciation of need for acceptance of programme. Avoid{ance} of resentment, hostility and suspicion of critical importance in total Government strategy.
- Show as dramatically as possible tangible blessings of programme for people of Territory e.g. production, exports, etc. (commodity table(s))
 - list of projects (public and private);
 - miles of road to be built;
 - jobs likely to be available;
 - how taxes to be spent;
 - benefits for children, e.g. schools, hospitals;
 - penetration of subsistence economy.
 - etc.
- Indicate why programme needed
 - in Territory circumstances imperative that resources not be wasted;
 - put people in position to pay for things they want;
 - further steps on road to self-dependence (political argument).
- Cover major strategies and policies involved
 - if policies not settled put in proposition form.
- Put down elementary facts of major importance, e.g. only X% people in cash economy, X% children at school etc.
- Need to say something acceptable to people in the various districts; should appeal to as many tribal, ethnic and other sections of population as possible.
- Indicate how the people can help. What part can they play in the programme?
 - self-help;
 - sell land; conversion of titles;
 - allow acquisition of timber rights;
 - participate in co-operatives;
 - pay for hospital services etc.;

¹ G.L. Mansfield, OIC, Economic Research and Programming Section, DOT.

- educate themselves and children; learn new skills, methods etc.;
- contribute more to local revenue;
- work harder and save more out of increased income.²

[NAA: A452, 1966/6372]

² On 9 June 1967, Henderson tabled a paper in the House of Assembly entitled 'Economic Development of Papua and New Guinea'. In his accompanying statement, he said the paper 'represents a further step towards the preparation of an integrated programme for the development of the Territory'; its purpose was to 'present a provisional statement indicating the progress with planning that has been made and the broad pattern of future development as it appears at present'. He continued: 'The document brings up to date the 1964 Report by the Mission of the International Bank for Reconstruction and Development in the light of subsequent development. The possible course of future development described ... is therefore based largely on an examination of recent trends taking into account present needs and policies. The key point made in the paper is that rapid development of the economy will depend essentially on the nature and extent of indigenous participation, aided by a continuing flow of expatriate capital and skilled manpower. It thus looks to a working partnership in which all sections of the community will pull their full weight. Many aspects of this theme are developed, of which the most important is the need for the indigenous people to orientate their minds and energies to productive development and to be patient in their demands for increased incomes and services before the economy has become, in any sense, self-supporting. The proposed programme is specially concerned with the advancement of the indigenous people which is, itself, the major purpose of economic development. The Administration is vigorously pursuing many means to this end ... [The paper] begins by setting out the objectives of economic development and the necessity of paying for it. The paper reviews progress to date and this progress is most encouraging and sets down the broad features of a possible development programme largely in the form of production and other targets. It concludes by examining the implications of the suggested programmes for the different sectors of the economy and ... the economy as a whole ... The paper stresses the continuing reliance on Australian aid without which any significant programme of development would be impossible. Indeed the Territory could not even stand still at its existent level without large and increasing amounts of this aid. However, the ultimate object must be to advance to the point where the Territory can gradually become more and more self-supporting and until eventually it can stand economically on its own feet ... A great deal clearly remains to be done before a final plan can be settled. One of the objects of further review will indeed be to explore the possibility of increasing production still further and to find ways and means of reducing costs. This review will take fully into account the discussions in this House and elsewhere which it is hoped will follow from the issue of the present paper' (*House of Assembly debates*, NLA: Nq. 328.952 PAP, p. 2443).

The United Nations resolution on PNG, 1966

*On 20 December, a plenary session of the United Nations General Assembly adopted a resolution on PNG reading:*¹

The General Assembly ...

1. Reaffirms the inalienable right of the people of Papua and New Guinea to self-determination and independence in accordance with General Assembly resolution 1514 (XV);²
2. Deplores the failure of the administering Power to implement General Assembly Resolution 2112 (XX);³
3. Calls upon the administering power to implement fully Resolution 1514 (XV) and to inform the Trusteeship Council at its thirty-fourth session and the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples of the action taken in this regard,
4. Calls upon the administering Power to implement the following measures:
 - (a) Removal of all discriminatory electoral qualifications;
 - (b) Abolition of all discriminatory practices in the economic, social, health and educational fields;
 - (c) Holding of elections on the basis of universal adult suffrage with a view to transferring power to the peoples of the Territories;
 - (d) Fixing of an early date for independence,
5. Further calls upon the administering Power to refrain from utilizing the Territories for military activities incompatible with the Charter of the United Nations ...

Barnes reacted quickly to the resolution. In a statement of 21 December, he said that 'In determining its policy for Papua and New Guinea the Government will be influenced primarily by the wishes of the people of Papua and New Guinea'.⁴ Australia, he argued, had 'no obligation to pay regard to resolutions passed by the United Nations in disregard of the situation in the Territory and everything that is known about the wishes of the vast majority of its inhabitants'. He also commented on each point of operative paragraph four:

(a) ... There are no discriminatory electoral rolls. All of the elected members of the House of Assembly are elected by the electors on the one common roll. (b) ... Abolition of all discriminatory practices in the economic, social, health and educational fields has been the policy for many years. Discrimination has been removed from all laws and discriminatory practices in business have been made illegal. The Administration discourages discrimination by all means open to it—although every action of every individual cannot be controlled by a government. (c) ... Elections for the House of Assembly on the basis of universal adult suffrage were held in 1964. The House of Assembly which was then elected is the legislative body for the Territory. (d) In his statement to the Fourth Committee of the General Assembly of the United Nations on 14th December Mr Lepani Watson, M.H.A., Under-Secretary for Trade and Industry, said 'Sir, we do believe that at the moment it is impossible to choose

1 The resolution (2227) was adopted by 81 votes to 8, with 24 abstentions. It is cited in *Yearbook of the United Nations 1966*, New York, 1968, pp. 547–8.

2 See footnote 7, Document 14.

3 Resolution 2112, adopted by the Assembly on 21 December 1965, included a call to 'implement fully resolution 1514 ... and, to this end, to fix an early date for independence in accordance with the freely expressed wishes of the people' (*Yearbook of the United Nations 1965*, p. 540).

4 Press statement by Barnes, 21 December 1969, NAA: A1838, 936/3/7/1 part 3.

independence without manpower and cash economy from our own people, because at the moment the biggest item, capital, comes from the Commonwealth Government of Australia in grants, aid and other income resources⁵ largely from expatriate private enterprises and very little comes from local people. I say this, Sir, because we do not want to see our country as beggars of the streets after independence.'

On 21st April last in the House of Representatives I reaffirmed that the Government's basic policy for Papua and New Guinea is self-determination. It is the prerogative of the Territory people to terminate the present Territory status and take independent status if they wish to do so.

With regard to paragraph five of the resolution, Barnes said that Australia was not in violation of the Charter, and in his concluding remarks he placed this claim alongside an attempt to underline Australia's bona fides as a generous benefactor:

In June 1966, the House of Assembly passed the following motion:

'We, the members of the House of Assembly of Papua and New Guinea, express to the Government and the people of Australia our firm belief that the people of this country are deeply grateful to Australia for the vast expenditure being made in this country to ensure that the peoples of Papua and New Guinea will be able to move peacefully towards their destiny without let or hindrance from outside sources. We are aware, and believe that the people of this country are aware, of the security.⁶ We realise that the geographical locality of this country on the fringe of the Pacific, yet also on the fringe of South-East Asia, demands an expenditure on security forces and installations which this country could not face alone. We welcome, as do our Malaysian friends, the presence of Australian defence installations and forces as a guarantee that the country would come to our aid in time of need in the future, even as it has done in the past.'

I would point out that Australia is providing increasing amounts of money to assist the people of Papua and New Guinea to advance to the stage when they are ready to choose their own future. This year the Australian grant is \$70m out of a Territory budget of \$120m and in addition about \$27m are spent directly in the Territory by Commonwealth departments. The countries whose representatives were vocal in over-riding in the United Nations the known wishes of the people of the Territory are not providing the people of Papua and New Guinea with any assistance.⁷

5 The word 'come' or 'similar' appears to be missing here.

6 Presumably, the word 'problem' or similar should have been inserted here.

7 Press reaction to the controversy was mixed. An editorial in the *Age* of 23 December wrote of the 'ignorant approach' of the UN, but opined that 'it must be assumed that outside influence will have some influence on [the] decision [of the people of PNG as to the date of independence] ... We do not have to like the UN's rudeness, but we must lump it' (NLA: mfm NX 41). Similarly, an editorial of the same date in the *Australian* spoke of the 'wild charges and fierce abuse' that had been thrown at Australia in the UN, but said Australia could hardly ignore the criticism of leaders to its north—nor could it expect understanding or support on Territorial issues from the US if it continued to use the same arguments in the UN. The editorial concluded that it might be best if PNG could have another 10, 20 or even 50 years to mature, 'but an impatient world will not give us scope for this kind of time schedule' (NLA: mfm NX 48). The *South Pacific Post* claimed that Territory leaders were 'puzzled at the meaning of the resolution' and it quoted them as saying that PNG already had free elections (23 December, NLA: NX 342).

83 TELEX, HENDERSON TO WARWICK SMITH

Port Moresby, 3 January 1967

898.

Following summary of Aitchison's report on Bougainville.¹

Summary

1. Earlier reports on Guava people's opposition to C.R.A. prospecting activities confirmed. People wish C.R.A. to withdraw. Father Mahoney² says a group of 3 Guava men claim they represent the people and would be willing to consider a request by C.R.A. to prospect Guava land subject to complete withdrawal of C.R.A. men, installations and equipment before discussions commence. There is no guarantee the people would agree to C.R.A. resuming activities as result discussions. Further, if it agreed C.R.A. resume activities, people would require a say in when, how and where mining or prospecting carried out ...

2. The attitudes of Fathers Wiley,³ Moore⁴ and Mahoney are as previously advised.⁵ The attitude of Bishop Lemay is as expressed in publications. None of this group will change.

3. Assistant District Commissioner Brown⁶ told to advise C.R.A. Kokorei operation should not proceed if physical resistance offered. Drill grid or plan indicates 2 years' work required on present rate of progress to complete and could continue within grid area without interference.

4. Guava people confused and find difficulty in making clear decision.

5. Paul Lapun amendment mining legislation unacceptable to Guava people despite fact he spoke to representative[s] gathering in support of his amendment for more than 8 hours.

6. From evidence available, the mission has major influence in people's attitudes and will continue to encourage them to oppose C.R.A. development.

7. The mission have emphasized to the people they must not resort to violence.

8. The people want a 'Traditional Court' established to consider land rights.

Note: This is impracticable and in any case we have the land titles commission.

9. The people want an international lawyer to represent them.

Note: Public solicitor could act in the first instance.

1 For context, see editorial note 'Lapun's bill and the situation on Bougainville'.

2 Roman Catholic priest, Deomori Mission, Bougainville.

3 Roman Catholic priest, Tunuru Mission, Bougainville.

4 Roman Catholic priest, Monotora Mission, Bougainville.

5 In a later section amplifying Aitchison's comments, it was reported that Wiley 'thinks [CRA] are fair game and that the people should make demands on them' (though he denied trying to influence the people); that Moore believed 'the people will lose independence and have their moral codes destroyed as a result of industrialisation' and would 'advise the people to try all legal means to prevent CRA'; and that Mahoney 'fears the social consequences of industrialisation' and would be a 'spokesman' for the people. Moore and Mahoney claimed they were strong advocates of non-violence.

6 K.A. Brown, Deputy District Commissioner, Bougainville.

10. If mission attitude changed it would have no immediate effect.
11. Bishop Lemay appears to enjoy embarrassing the Administration and ignoring laws.
12. Moore is parochial and stubborn, with strong views and personality, using the well-known technique of speaking loudly to impress natives, whether addressing them or not. Is from evidence dominant factor in resistance [to] C.R.A. and Administration developmental policy.
13. The mission appear to be aligning themselves with the people in preparation for self-government and independence.
14. I believe the missionaries have found a 'cause'—something to give them an interest other than religion and moral welfare of the people they are charged with when taking up their appointments.
15. There is an emotional relationship between the people and their land which no settlement schemes will satisfy. This is being exploited by the Mission.

Aitchison recommended

- (a) A top level meeting of Territory missions.
- (b) C.R.A. to proceed with work inside grid area.
- (c) The Bishop should be told to drop militant attitude and Moore removed.
- (d) Administration should continue with present laws to support C.R.A. activity until such time as laws changed. The Kokorei operation should proceed as planned, as delay may aggravate the situation.
- (e) Consideration should be given to providing the Guava landholders with legal aid.

Administration recommends

- (a) C.R.A. to be encouraged to proceed to next stage of prospecting, including the locating of drills and roads to Kokorei land and any other land to which native land owners wish to deny the Company access.
- (b) The Administration to be prepared to protect Company personnel carrying out these operations, if necessary, with an adequate Police detachment.
- (c) A conference of Territory missions can achieve no immediate benefit in the present situation, and should not be planned at this stage.
- (d) Attempts to influence Bishop Lemay to secure a more temperate attitude by his priests, or to remove them from areas of present influence, should be pursued through the Apostolic Delegate.
- (e) The normal services of the Public Solicitor are always available to the Guava people if they are sought. The provisions of the mining legislation are clear cut however and legal intervention appears unnecessary and should not be encouraged.

[*matter omitted*]

[NAA: A452, 1967/1347]

84 TELEX, WARWICK SMITH TO HENDERSON

Canberra, 6 January 1967

275/43.

Regarding your recommendations following Aitchison's report as given in your 898, 3rd January.¹ On your recommendation (c) Minister agrees that no immediate action be taken on meeting with missions but that question of meeting of some or all mission leaders with new Administrator² might be reviewed at an early date.

Regarding recommendation (b), action as recommended is being taken through Apostolic Delegate.

Minister accepts recommendation (e) on question of legal assistance.

On recommendations (a) and (b) the Minister has noted your views as stated in your 999 of 4th January³ that general situation has not changed in last six months and that while there is always risk of incident that risk of clash now not greater than when previously drills were moved into areas against wish of some land owners.

In the light of this advice Minister agrees that arrangements should be made with CRA for them to continue their operations such as locating of drills, building roads and drilling on Kokorei land with Administration protection for company personnel and property and if necessary including adequate police detachments. This applies to Panguna grid area and Kokorei locality.

Please report any significant development straight away but in any case let us have a review of the position on January 11th.

Prospecting and mining operations should not be begun in any new area where opposition is likely until whole programme and basis of approach has been approved by incoming Administrator and Minister.

[NAA: A452, 1967/1347]

85 SUBMISSION, JOCKEL TO HASLUCK

Canberra, 9 January 1967

Aid to TPNG—basic Agreement with UNDP¹

On 9th December you approved the text of a draft basic Agreement with the Special Fund sector of the United Nations Development Programme, which included an accompanying letter to the Administrator of the UNDP, subject to the confirmation of the Minister for Territories and the Treasurer. A copy of our earlier submission is attached.²

¹ Document 83.

² See footnote 1, Document 53.

³ Not printed.

¹ United Nations Development Programme.

² See submission, Booker to Hasluck, 9 December 1966, NAA: A1838, 936/22/1 part 2.

2. The Minister for Territories and the Treasurer have now also approved the text of the basic Agreement.
3. It is proposed that the Australian Ambassador to the United Nations³ be authorized, on behalf of the Government, to sign the Agreement and the accompanying letter to the Administrator of the UNDP.
4. *It is recommended* that you sign the attached Minute to the Executive Council and also the enclosed Full Powers, which will be held undated until the approval of the Executive Council is confirmed.⁴

Attachment

[*matter omitted*]⁵

EXPLANATORY MEMORANDUM

In July, 1965 Cabinet decided to seek United Nations aid for projects in Papua and New Guinea, including the establishment of a secondary teacher training college at Goroka, New Guinea, under the Special Fund Sector of the United Nations Development Programme (UNDP).

The conclusion of a basic agreement for aid from the Special Fund sector of the UNDP is a prerequisite for the implementation of projects by the UNDP and the Specialised Agencies. The Special Fund basic Agreement will provide a model for further agreements under which projects will be undertaken by other organs of the United Nations, such as the United Nations Children's Fund (UNICEF).

The basic Agreement with the Special Fund sector of the UNDP required protracted negotiation, mainly on the question of granting privileges and immunities. A United Nations lawyer visited Australia last year to try to resolve the differences between the United Nations' and Australia's positions. The Australian position on these matters will now be recorded in an exchange of letters which are to be signed immediately after the signature of the Agreement.

The Cabinet directive on United Nations aid for Papua and New Guinea provided for consultations between the Ministers for External Affairs, Territories and the Treasurer. In accordance with that decision the approval of all three Ministers has been obtained to the text of the draft basic Agreement.

[*matter omitted*]

[NAA: A1838, 936/22/1 part 2]

3 Patrick Shaw.

4 Hasluck approved the recommendations on 11 January.

5 The minute recommended authorisation of actions outlined in paragraphs three and four.

86 SUBMISSION NO. 36, BARNES TO CABINET

Canberra, 13 January 1967

CONFIDENTIAL

Papua and New Guinea—development of copper resources at Bougainville

This submission informs Cabinet of recent developments arising from the discovery by Conzinc Riotinto of Australia Ltd. (C.R.A.) of low grade copper deposits in the island of Bougainville. The company is now carrying out exploratory work to determine the extent of the deposits.

Background

2. The company has mining prospecting rights over three areas of the island. Exploration is at present confined to the Panguna area about 12 miles inland from the coastal headquarters at Kieta. The company has at present 10 drills operating in the area. The total estimated cost of the exploration programme is \$5M (\$2.5M spent since 1964). Development would be by open cut mining with an estimated capital expenditure of \$135M to produce yearly 60–80,000 tons of copper with a value of the order of \$50M.

Developments within House of Assembly

3. At the June 1966 meeting of the House, amendments were made to the Mining Ordinances of New Guinea and Papua to provide that the owner of private land would receive—

- (a) compensation for damage to his land caused by mining operations;
- (b) a minimum of \$1 per acre annually where he was deprived of the use of his land because of a licence to prospect;
- (c) \$2 per acre annually where his land was subject to a lease to mine minerals.¹

These amendments were sponsored by the Government because the previous provisions provided inadequate compensation for owners of native land. The principle of Administration ownership of all minerals was restated in the amending Ordinances.

4. A further amendment moved by the member for Bougainville (Mr Paul Lapun) to provide that the owner would receive 5 per cent of royalties payable in respect of a mining lease over his land was defeated. Mr Lapun moved similar amendments to the Mining Ordinances at the next meeting of the House in November and these bills were passed by 31 votes to 21 votes. These Ordinances await consideration by the Governor-General.²

Attitude of local people—Bougainville

5. The prospecting activities of C.R.A. are being opposed by some of the local people who claim ownership by native custom to the land for which prospecting licence is held by C.R.A.; it is claimed that ownership of the land entails ownership of the minerals. These people have stated that they want the company to withdraw completely from the area—they would then be prepared to consider conditions under which the company could be permitted to continue its operations. The aims of the people are mixed; some

¹ See editorial note 'Changes to PNG mining legislation'.

² See editorial note 'Lapun's bill and the situation on Bougainville'.

oppose any development which will interfere with their traditional way of life; others aim to secure a larger share of the profits. Reports of field staff of the Administration in the area stated that it was possible that the landowners would attempt to use physical violence to force the company to withdraw.

6. A senior officer of the Administration was sent to the area on 27th December to make a factual report on the situation and relevant extracts from his report are attachment 'A'.³ It is clear from this report that amendments made to the Mining Ordinance to give landowners a share of mineral royalties (and the earlier amendments referred to in para 3 above) have had no real effect in ameliorating the local attitude of hostility to C.R.A.'s activities there.

7. The member for Bougainville has had meetings with the landowners concerned in attempts to overcome their opposition. The Kieta Local Government Council and other native people in the area are in favour of the proposed mining development continuing under the present law.

Attitude of the missionaries

8. The opposition of the people is supported by Catholic missionaries in the area. Bishop Lemay who is head of the missions involved (a Marist order with Headquarters in the U.S.A.) has made several statements opposing Government policy. He advocates the repeal of the Mining Ordinances and other legislation which he considers unsuitable and contravening native custom and tradition.

9. Apart from the Bishop three missionaries are involved. Two of them have stated their opposition to any mining development in the area because they are apprehensive of the social consequences of industrialisation. One is reported as saying that he will advise the people to try all legal means to prevent any progress with C.R.A.'s prospecting and mining. The attitude of another missionary in the area is that the mining company is 'fair game' and the people should make maximum demands on it for amenities and services.

10. The report of the Administration officer includes a summary of discussion he had with the Bishop and the three priests on their attitude to mining development. The previous Administrator⁴ advised that the mission attitudes to the mining legislation could lead to a potentially explosive situation on Bougainville and I have informed the Apostolic Delegate to Australia (The Most Reverend Dominico Enrici) of this. The Apostolic Delegate has written to Bishop Lemay asking for a report on the matter, and underlining the dangers involved and urging him to do all in his power to solve the difficulties which have arisen. I am also examining the possibility of a meeting between the heads of the Catholic missions in the Territory and the new Administrator, who has just taken up duty, to seek to resolve the difficulties with the missionaries concerned.

Continuance of mining activities

11. Present arrangements are for the company to continue their operations (following the normal Christmas New Year break) including the preparation of drill sites, drilling and construction of necessary roads, with Administration protection including such police detachments as are necessary.

3 Not printed. See Document 83.

4 Sir Donald Cleland.

12. Only sixty villagers are involved in the opposition to drilling operations at Kokorei, the latest site where opposition has been shown, and fewer than 400 local people are involved in the whole area now under investigation by the company. There are adequate police available locally and on reserve in Rabaul to deal with any disorder which might develop.

Future action on mining ordinances

13. It is considered that the principle of Administration ownership of minerals must be maintained. Revenue from mineral development could be the major source of revenue for the Territory in future years. In determining the attitude which should be taken to the Ordinances referred to in para. 4 some regard however has been paid to the special position which land plays in the lives of native people living in the tribal state. Ownership of lands even though by customary tenure has a special social significance for these people. On balance I have concluded that the payment to landowners of 5% of mineral royalties incorporated in the Ordinances in question should be accepted, in the light of the views expressed in the House of Assembly, especially by native Members. However, such acceptance would probably be on the basis that the figure of 5% will not be increased, and that the House of Assembly will back the full development of mineral deposits in Bougainville and elsewhere in the Territory.

Conclusion

14. Investigation of the copper ore deposits could lead eventually to the development of a major economic asset for the territory. The industry could increase the Territory exports by \$50M per year, offer employment to 1400 people in the Territory, increase substantially by way of royalties and increased taxation the Territory's revenue, and bring substantial benefits by way of improved facilities to the people of Bougainville. This is the largest project ever contemplated in the Territory and it is essential that the project be brought to fruition.

15. The members of the House of Assembly supported C.R.A.'s activities in Bougainville when the Mining Bills were being considered. By protecting the company in carrying out its exploration the Administration is upholding the law as passed by the House—any withdrawal or suspension of C.R.A.'s activities would be a major blow to the Territory's hopes for industrial development. It might also be interpreted by the local people as a victory over authority and could have serious implications for the maintenance of law and order in this and other areas.

16. For the above reasons it is considered that it is important that the mining exploration and subsequent development should proceed. At the same time the risk of some incidents possibly leading to open clashes with the police must be taken into account. The situation at present is well-controlled and developments are being closely watched.

17. Submitted for information.⁵

[NAA: A5842, 36]

⁵ Cabinet 'noted' the submission on 18 April 1967 (decision no. 249, NAA: 5842, 36).

87 TELEX, HAY¹ TO WARWICK SMITH

Port Moresby, 16 January 1967

46. CONFIDENTIAL

Following is summary [of] matters which were discussed informally in Administrator's Council on 12th and 13th January.

Recruitment expenses²

On the basis of a personal report by Guise of discussions with the Public Service Commissioner (a sub-committee had been formed at last meeting to conduct such discussions, but had not been able to meet) members of the Council showed some sympathy with Administration's position which is that the present appropriation of DLRS 200,000 will not be sufficient to enable the Administration {even to approach its} recruitment target for {1966/67 of 366 new} appointees and 500 replacements. Members did not predict reaction of the House of Assembly to a request for additional funds for recruitment but left the impression that if the approach were made as a request for supplementary appropriation on the basis of underspendings in other votes and not ... of a restoration of the DLRS 50,000 cut there would be a good chance of acceptance and at any rate members of the Council would support it ...³

[*matter omitted*]

Bougainville

Two reviews were made—the first in broad terms of the progress in negotiation of an agreement and the second of the situation on the ground. There was a full discussion in which all members participated and the impression was left that there would be no serious objection to ratification of the agreement in the House provided it could be placed before the Council again in the first instance and provided its shape was as now envisaged. There was {general agreement on the vital} need for the CRA and for the Administration not to let a minority interfere with policies which were in accordance with the law and had the backing of the House of Assembly. The discussion covered fully the role of the missions. Members offered many suggestions as to possible action on the ground to ensure that the Administration's point of view gained increasing acceptance. They felt that the Administration position would gain strong support in the House of Assembly at the next session. The assumption behind the discussion was that there would be no serious

1 Hay had begun his tenure as Administrator on 9 January (for background, see Document 66JUL27). In discussion with Warwick Smith prior to his arrival, Hay had stressed the 'necessity for consultation with Papua – New Guinea institutions'; he believed it essential for 'major decisions [to be] supported' by these institutions, an objective involving 'some finesse on our part—that having been a characteristic somewhat lacking in the past' (Hay interview, 1973–4, NLA: TRC: 121/65, 3:1/2–3). In his inaugural speech, he emphasised the Administration's determination to listen and stressed the responsibility of officers to 'play their part in solving social problems which ... need to be solved if Papuans and New Guineans and Australians are to maintain their traditional friendship' (9 January 1969, NAA: A1838, 936/3/7/1 part 3).

2 See Documents 68–71.

3 In the February meeting of the House, members restored the \$50,000 and approved a supplementary sum of \$10,000. At the same time, a number of members stressed the importance of increasing local recruitment and training (E.P. Wolfers, 'January–April 1967', in C. Moore with M. Kooyman, *A Papua New Guinea political chronicle 1967–1991*, Bathurst, 1998, p. 6).

objection to the approval of the Lapun amendment. Secretary's telegram of 13th January⁴ had not been received during the meeting but our first impression is that this would not cause Council members to revise their attitude of support.

[*matter omitted*]

[NAA: A452, 1967/1347]

88 TELEX, WARWICK SMITH TO HAY

Canberra, 2 February 1967

284/232.

Your 184 on Bougainville situation¹ refers. Following is comprehensive statement setting out steps which Minister has asked be taken in handling situation following C.R.A. operations. As you will see action to be followed is based very closely on recommendations set out in your 184.

Action to be taken in relation to the actual mining area is as follows—

(a) The Company's requirements by way of prospecting activity in present or new areas are to be met according to the technical needs but subject, with respect to timetable only, to (b) to (j) below.

(b) Each move to a new area is to be preceded by patient and persevering attempts by Administration officials over several weeks if necessary in conjunction as far as appropriate with officers of the Company to explain what is involved in the Company's programme for that area, the benefits to the Territory as a whole and to the people of the area if the project goes ahead, the legal rights of the Company, the preparedness of the Company to ensure maximum respect for local traditions and customs, the measures for compensation, rental, etc.

(c) The actual commencement of operations in a new area will be preceded if necessary by a further formal attempt in writing, by loud speaker and by word of mouth, to explain the foregoing.

(d) The co-operation of local members of the House of Assembly, Local Government Councillors, Missionaries etc. should be sought and availed of as far as practicable in these activities.

(e) If, after these steps have been taken, there is reason to think that new mining operations are likely to result in violence the Administrator should if he thinks it appropriate arrange for a final effort to be made by means of a top level group from the Administration (e.g., the Director of Lands, the Secretary for Law and one or both Assistant Administrators) to go through the procedures of explanation, advice and consultation again. The possibility is not ruled out of the Administrator himself visiting the area in conjunction with such a group but he should only do this if he judges it to be really necessary.

⁴ It related to the amendments to the Lapun bill sought by DOT (see editorial note entitled 'Lapun's bill and the situation on Bougainville').

¹ Not printed.

- (f) If after the explanation in (e) physical resistance is still apprehended the Minister should be informed of the likelihood of violence, a formal statement should be given of the Administration's intention to uphold the law, and people should be warned against interfering with persons going about their lawful business.
- (g) The operations should then proceed with police support. Use of police on the spot will be subject to humanity and standing field orders.
- (h) Care to be exercised with regard to the briefing of field officers to ensure that the explanations furnished to the people are accurate and adequate and that the consultation process is effective: for example that discussions are held with the right people. It is essential that the various steps and procedures are fully documented in terms of instructions issued, reports submitted, etc.
- (i) Similarly where the Company's operations have proceeded without violence in an area but there is a change of local attitude or an extension of operations which it is considered will lead to violence the Administrator should take steps in accordance with (c) to (h) above. If this is necessary to avoid violence mining operations should be suspended temporarily until all efforts have been made to gain co-operation of people at ground level.
- (j) In areas where work is proceeding the process of consultation should be continued so that people are as fully informed as possible of proposed developments.

Other action in the Territory

- (a) Publicity campaign over some weeks designed to explain the Administration's position, the need to maintain the law and the importance to the Territory at large of a successful large scale mining project in Bougainville.
- (b) Exchange of letters with C.R.A. in particular (and associated public statements) regarding action by them to respect traditional beliefs and customs in regard to land as far as possible. (Conditions to this effect to be written into prospecting authorities and leases if practicable.)
- (c) Maintain pressure privately on the Missions through conversations with Lemay and local priests and with Hoehne,² Copas and others as opportunity offers. Consideration would be given to publicity if required.
- (d) Public emphasis on steps taken on the ground to explain and consult with the people.
- (e) Contact with Administrator's Council and individual influential members leading after the House debate and if then appropriate to visit by small group to the area with the purpose of bringing whatever influence or weight the House of Assembly might carry to bear upon the local people's attitude.³

2 John Hoehne, Roman Catholic Bishop of Rabaul.

3 Hay convened the Administrator's Council on 4 February (for previous Council discussion, see Document 87), reporting that on Bougainville 'I ... gave them [a] report on [the] situation [on the] ground based on Aitchison's report [see Document 83] ... Members seemed satisfied with action being taken by [the] Administration. [The] point was made that the aim should be to avoid seeking overt or formal recantation of views strongly held by Panguna people and missions. The process of persuasion was long term, and required a sensitive touch ... Members were gratified that [the] Government has accepted [the] substance of [the] Lapun amendment and reacted well to explanation of [the] need for further amendment by [the] Government. Submission of [the] ministerial statement to [the] Council in draft [see footnote 4 and associated text] was

- (f) Foregoing steps lead up to statement in the House of Assembly early in the session designed to reinforce support of the House.
- (g) Psychological and legal aspects to be covered by continuous consultation with Chief psychologist⁴ and Secretary for Law respectively.
- (h) Situation report to be radioed weekly for the Minister. The Administrator is invited to comment from time to time on policy aspects.
- (i) Administration officials to keep in close touch and to act throughout in concert with the Company.

Action to be taken in Canberra

- (a) Cabinet has been informed of the situation.
- (b) Maintain pressure on the Missions through the Apostolic Delegate.
- (c) Minister to issue press release 5th or 6th February on acceptance of Lapun amendment, accompanied by background press conference by departmental officer with further Ministerial press release on general situation if Minister considers this desirable.⁵
- (d) Department to keep Company in Australia informed.

[NAA: A452, 1967/1333]

welcomed and comments were to the point and showed understanding of the Government's position' (telex 276, Hay to Swift, 6 February 1967, NAA: A452, 1967/1347).

4 Unidentified.

5 On 6 February, Barnes released a press statement which recorded, inter alia, that 'Official members of the House of Assembly had opposed the amending ordinances when they were before the House. The official position was supported by a significant number of elected members. The Minister said that the Government still believed that it would be in the best interests of the Territory, both now and in the longer term, for all royalties payable under the Mining Ordinances to be paid into the central Territory Treasury. Nevertheless the Government accepted that the substance of the amending Ordinances was strongly influenced by the traditions and customs of the indigenous people in relation to land. The amendments did not place in doubt the general principle that mineral resources belong to the people as a whole. The Government in the light of the views expressed in the course of the debate would accept the substance of the amendments on the basis that the proportion of royalty payable to landowners would not be subsequently increased beyond the 5% now proposed and looked to the House to give its full backing to the Administration in ensuring that the Bougainville copper project and any other major mining projects in the Territory could go ahead. Two further amendments, not affecting the principle, would be proposed to the House of Assembly at its next meeting. The first of these would provide that payments under the Ordinance would be made to owners of land under customary tenure or to owners who had converted their land from customary tenure to registered title; it would not provide for payment to people holding Administration leases (the terms of which expressly reserved mineral rights to the Administration) or owners of freehold land granted before Australian administration of New Guinea or Papua. The other amendment related only to the method of determining the payments to be made to eligible landowners'. In relation to the situation in Bougainville, Barnes said that there had been 'some opposition', but that Hay was 'taking every opportunity to ensure that the people were effectively consulted and that the benefits which the mining project would bring were explained'—and he 'stressed that if the project went ahead it would be of great importance to the Territory as a whole' (NAA: A452, 1967/1347). Reporting to Swift on the Australian press reaction, an official of the Information Section (unidentified) noted that 'Most papers generally take the view that this was the first significant victory for the House of Assembly' (minute, February 1967 (exact date unknown), NAA: A452, 1967/1392).

89 MEMORANDUM, ADMINISTRATION (HAY) TO DOT

Port Moresby, 4 February 1967

Under-Secretaries in the House of Assembly

I refer to your 64/3516 of the 24th January, 1967.¹

I have now had reports from all Departments with Under-Secretaries. Each Department has reviewed the effectiveness of the work of each Under-Secretary. All Departments have worked hard to make a success of the Under-Secretary system and with a few exceptions Under-Secretaries have done their best to play an active part in departmental affairs. I think that the Under-Secretary system is working as well as possible within the limitations imposed by some of the problems encountered by the individuals concerned.

Originally it was assumed that Under-Secretaries would take up residence in Port Moresby and would thus be able to devote most of their time to duties with their Departments. It was expected that they would pay fairly frequent visits to their electorates to keep in touch with home affairs. However, Under-Secretaries soon found that their electors expected to see and hear from their Member a good deal more than occasional visits permitted and that it was necessary for Members to spend most of their time travelling through the electorates if they were to retain the confidence and support of the people. Allied with this requirement was the feeling of inadequacy and frustration some Under-Secretaries felt when confronted with difficult departmental problems and the necessity of trying to understand decision making in a very complex and sophisticated Government organisation. In particular, most Under-Secretaries found their mastery of written English insufficient to enable them to grasp readily the contents of documents, files and reports, even though Departments allocated officers to assist them. Now only three Under-Secretaries, Messrs. Watson, Abe and Tabua,² reside regularly in Port Moresby. The remainder live in their electorates and visit Port Moresby briefly and at infrequent intervals.

In an effort to get some closer association it was suggested that Under-Secretaries should undertake to spend the week prior to each parliamentary session in Port Moresby and some time after each session. In addition, it was proposed that the four Under-Secretaries who are members of the Administrator's Council should arrange to prolong their stay in Port Moresby at times of Council meetings. This has resulted in some improvement in contact but with two or three exceptions Under-Secretaries do not spend nearly sufficient time with their Departments to fulfill the intention of the Under-Secretary system. With the next election only a year away and most Members in fear of losing their seats there is not much possibility of greater attention to departmental responsibilities.

If there is to be constitutional advance with some Members assuming greater executive responsibilities it is clear that those Members will have to spend a much greater period of time than heretofore with the allocated Department. A suitable arrangement might be for one week in four to be spent in Port Moresby during which there could be some collective training as well as despatch of Departmental business. In addition, Under-Secretaries or Secretaries would spend time with Departments during and after House sittings and after meetings of the Administrator's Council. It is clear too that additional responsibility will

1 It asked when promised reports on the activities of the Under-Secretaries might be expected (NAA: A452, 1964/3516). For a report of 1966, see Document 17.

2 Robert Tabua, MHA for Fly River open electorate and Under-Secretary for Works.

dictate greater demands on Members' facility in English, particularly in their speed and comprehension of written English. Given these conditions I feel confident that there is sufficient executive material awaiting development.

I attach reports on Under-Secretaries from Departments where the system has been more successful ...³

[NAA: A452, 1964/3516]

90 SUBMISSION, GUTMAN TO BARNES

Canberra, 9 February 1967

Bougainville copper—notes for visit of Sir Maurice Mawby

Attached are notes covering matter which may be raised in your proposed discussions with Sir Maurice Mawby on Tuesday, 14th February.

Attachment

[*matter omitted*]

BACKGROUND

- *Exploration* began end 1963.
- *Reserves*—C.R.A. have advised that about 90m. tons have been proved by drilling—0.63% copper and containing 0.58 dwt. gold per ton. (Confidential figures which C.R.A. are not yet ready to release publicly.)
- *Development cost*—possibly \$100m.
- *Employment*—present 420, potential 1400.
- *Exports* potential \$50m.

AGREEMENT

- Because of high costs of exploration, large capital required and fears of future political uncertainty, C.R.A. want an agreement to cover exploration and mining rights and obligations and future conditions affecting the company.
- *Main concessions proposed*
 - (i) 3 year tax holiday;
 - (ii) extension of accelerated depreciation provisions to apply to full capital expenditure;
 - (iii) guarantees against discrimination and undue imposts;
 - (iv) a ceiling to the percentage of taxable income which may be required to be paid to the Administration;
 - (v) extended exploration and mining titles;
 - (vi) provision of hospital, school, police and telecommunication facilities.

³ Not printed. For summary, see Document 93.

- *Main obligations proposed*
 - (ii) royalty of 1¼ % to be paid from commencement of production;
 - (ii) when taxable income is forthcoming increasing payments to Administration over four years until ceiling 50% of taxable income (after the copper exemption deducted, effectively 40%) is payable;
 - (iii) application for a mining lease by 31/12/1971 and export of concentrates by 31/12/1976 at a cost of up to \$100m.;
 - (iv) if economically and technically feasible a smelter to be built;
 - (v) feasibility study of processing beyond smelter stage;
 - (vi) construction of dams, power station, roads, port, town;
 - (vii) offer of option on 20% equity capital to Administration.

TREASURY ATTITUDE

- Prefer general tax and other conditions to apply together with a 'sliding scale' royalty
 - object in principle to legislating for income tax provisions for one taxpayer
 - see a tax holiday and extension of accelerated depreciation provisions creating undesirable precedents for Australia
 - regard payment of additional income tax as moral breach of double tax agreement with U.K.

OVERSEAS TAX PRECEDENTS

- Negotiating a separate deal for a large company in under-developed economy not unusual
 - Middle East oil and bauxite mining in Jamaica, Surinam and Sierra Leone

[*matter omitted*]

[NAA: A452, 1967/1333]

91 MINUTE, BRAY¹ TO SWIFT

Canberra, 16 February 1967

Papua and New Guinea—article in 'New Guinea' critical of Special Branch

The main points of the article were:—

- The methods of the Special Branch are intimidatory;
- Some indigenes are 'greased' and 'brainwashed' by Special Branch;
- Many Special Branch men are 'former African colonial masters';
- The activities of the Branch suppressed freedom of expression, political opinion and criticism against the Government.

¹ Bruce Bray, position unidentified, DOT.

2. It was written under the pen-name of Bramaig Damai who claimed that it represented the views of many young indigenes. Its first sentence included the phrase ‘we Papuans and New Guineans are aware of ...’.²
3. The Administration’s views were sought in writing³ and the reply is at folio 27.⁴ The reply covers memoranda from the following but does not summarise or assess those papers ...⁵
4. Little attention is given to the main issue, that is, whether there are in fact defects in the methods used by the Special Branch.
5. The main and relevant points brought out by the reply are:—
 - There is no certainty about authorship but the article is thought to have been written by one or a combination of three indigenes probably with some assistance from a European (Mr. H. Crocombe of the A.N.U.’s⁶ N.G. Research Unit is mentioned).
 - The three indigenes are—

Michael Tom SOMARE
Lahui Tau EGI (who wrote an article in ‘New Guinea’ as Pondo Moagan)
Lukas Joseph WAKA

Somare is recorded as an ‘angry young man’ overtly anti-European and anti-Australian who has had numerous brushes with the authorities and is on record as having expressed sympathy with the Communist cause.⁷

2 Ellipsis in the original.

3 Warwick Smith noted that DEA had requested comments from DOT and he asked for ‘observations on the article and its implications’ (memorandum, DOT (Warwick Smith) to Administration, 9 January 1967, NAA: A452, 1967/8076).

4 Not printed.

5 Matter omitted lists the Principal of the Port Moresby Teachers’ College (partially illegible—appears to read F.R. Ibbert); the Director of Information and Extension Services (L.R. Newby); the Commissioner of Police (Cole); the Assistant Commissioner of Police—Special Branch (Erskine); and the Principal of the Administrative College (D. Chenoweth).

6 Australian National University.

7 According to a Special Branch report, Somare came to ‘prominent notice’ when in September 1964 he criticised the Public Service Ordinance 1963 (see Document 2). The report continued: ‘At the same time, he made reference to the House of Assembly as being a “puppet of the Administration”, and added that if students were unable to achieve their demands by negotiation, they must do so by force. At this time students were very restive over the reduction in salaries allowed for under the Public Service Ordinance ... In September 1965, SOMARE was assessed as being “critical of aspects of the Administration policy, but in no way disloyal or subversive” ... In December 1965, SOMARE was transferred to WEWAK by [his employer,] the Department of Information and Extension Services. An Officer of that Department who formerly knew SOMARE as a “friendly, personable, co-operative individual” then found him to be “sullen, with a chip on his shoulder and an anti-European attitude” ... There are strong indications that SOMARE will contest the ANGORAM (Open) Electorate in 1968 and that his supporters are already canvassing on his behalf ... SOMARE has been described by competent observers as being “an angry young man”. As far as is known, he has not indulged in any subversive activity and his loyalties are not in doubt. He has a propensity towards speaking out on matters concerning the conditions of employment of Local Officers regardless of the consequences, and could seriously embarrass this Administration by so doing. By virtue of his education and proven ability to speak and organise he could become a formidable force in local affairs in the near future’ (attachment to memorandum, Erskine to Cole, 13 January 1967, NAA: A452, 1967/8076).

Egi already had published a long letter on this subject in the 'Pacific Post'. He applied to the Communist paper 'Tribune' to be its representative in P.N.G. He has been active in [the] Workers' Association and Tertiary Students' Federation. Waka was contacted by members of the Communist Party of Australia while in Australia.

- There is general agreement that the functions of the Special Branch need better and more effective explaining to the public. Mr Cole states '...⁸ the public has a right to question our methods'; 'respect and confidence of the public is vital to our work'; 'I am satisfied that we have not given enough attention to public relations and while remedying this we will make statements regarding the role of Special Branch'.
 - Mr Newby has noted that the article excluded A.S.I.O. from criticism and states 'I would think A.S.I.O. officers have been concerned about their public image and have done something about it'.
 - There has been agreement by the Assistant Commissioner, Special Branch and Regional Director, A.S.I.O.⁹ to give addresses explaining their functions but they insist that to avoid accusations of 'brainwashing' they must be invited to give such addresses.
 - While admitting that Special Branch has coverage of some institutions and colleges the Assistant Commissioner Special Branch denies 'emphatically' having persons employed in the University. Erskine states also 'our main interest is to determine whether or not the bullets that are being fired are of local or foreign manufacture'.
 - Mr Newby states 'I have formed the impression that on one and perhaps more occasions incidents connected with Mr Somare were handled clumsily by police'.
6. It could be stated that the Department's enquiry has not been properly answered by the Administration. The purpose of the enquiry should be regarded as being—
- to meet the needs of the enquiry by the Department of External Affairs; and
 - to permit some timely 'stocktaking' about the methods used by the Special Branch.
7. Whether the Department needs to do any more depends on whether the Secretary followed up the matter last week. I provided a briefing note for his visit.¹⁰
8. The papers have not yet gone to Mr Ballard to deal with his reply to External Affairs.
9. One comment that seems relevant to the reference to clumsiness by the police is whether too much emphasis is being given to police background in selecting staff for Special Branch work. I have not looked into this. It seems likely that the basic requirements for selection as policemen, their training and experience, do not tend to produce the sensitivity needed for this work. They need more than native cunning and toughness. It is worth noting that A.S.I.O. has moved away from a police background for its staff.

⁸ Ellipsis in the original.

⁹ Name remains classified.

¹⁰ See note of 2 February, NAA: A452, 1967/8076.

{10. For information.}¹¹

[NAA: A452, 1967/8076]

92 LETTER, MAWBY TO BARNES

Melbourne, 24 February 1967

Our company has discovered and is presently testing a large low grade copper deposit on Bougainville which would cost more than \$100 million to develop.

Compared with the location of most existing low grade copper mines, the Bougainville deposit faces certain economic and political disadvantages which demand special consideration if an operation there is to have any chance of being financed and becoming a reality within the next few years.

We believe it is the desire of all concerned with this potential development project to find means of offsetting these economic and political disadvantages in the minds of the financiers.

Economic feasibility is adversely influenced by the very difficult terrain in an extremely high rainfall area which is also subject to seismic activity. Established means of communication are entirely lacking. Also, prospects are not helped by the movement towards an over supply position for copper which will inevitably depress future prices. The world wide resources that are available to C.R.A. and its related companies and consultants are being brought to bear on these problems. In the most detailed and costly study we have yet undertaken in relation to any deposit, over \$4 million has already been spent in order to assess the deposit and investigate ways and means of overcoming the disabilities inherent in it, but inevitably they will result in lower profit expectations than would apply if the deposit were on the mainland.

11 In 'notes for possible questions' on the article, Bray wrote: '[a] Quite a normal development for the Territory Police Force to have a Special Branch which is a part of any developed police force. [b] Basic function is to discover any acts or plans for acts against the laws relating to the security of the Territory. It is our "eyes and ears of the Administration". [c] Article has no quarrel with need and states "very proper" to set up a Special Branch ... [d] Branch is new and functions can be easily misunderstood. The Commissioner is conscious of the need to keep operations and development under notice and is looking at ways of making functions better understood ... [e] There is freedom of expression in the Territory and the Government is anxious that this should continue to be so' (note by Bray edited by Warwick Smith, 1 March 1967, *ibid.*). On 6 March, Watkins was asked in the House to explain the functions and methods of Special Branch and to give an assurance that 'the liberties of individuals will not be infringed'. Watkins replied that the formation of the Branch was gazetted on 15 October 1964 and had the same purpose as 'in Australia and most other countries of the world, including developing countries. Its responsibility is to detect subversive activities and thus contribute towards the maintenance of internal security ... Officers of Special Branch ... collect information and make it available to the appropriate Authority in Government who decides what action, if any, should be taken. They do not take action themselves ... our Special Branch is not a clandestine organisation. It acts overtly and collects the greater part of its intelligence from District Intelligence Committees which are comprised of the District Commissioner and his District staff. I will gladly give the assurance requested ... with respect to freedom of speech ... This right is respected in the Territory because it is the tradition and policy of the Australian Government to respect it' (Administration press statement, 7 March 1967, NAA: A1838, 936/3/7/1 part 4).

Political factors also are already affecting us. Of far more importance, however, is the expectation that some form of independence or self government will apply in the Territory of Papua and New Guinea before the loan monies will have been repaid. This will be a major factor affecting the decision of the financial organisations from whom we will need to borrow some two thirds of the capital outlay. We are well aware of the work the Commonwealth is doing and are hopeful that the transition to independence will be made smoothly. We must expect, however, that bankers and large financial institutions, properly concerned with the security of very substantial sums of money, will recall and be influenced by the rather unfortunate history of many African and Asian countries which have attained independence in recent years.

Clearly, major financing will not be possible unless the cash flow expectations are satisfactory and there is an assurance that world currencies generated by the project can be used for loan repayment. It is also necessary to demonstrate that the company has satisfactory long term prospects of operating under stable conditions through an agreement likely to endure.

Bearing these various requirements in mind, including the need to include benefits for the Territory and its peoples, we have sought in our agreement with the New Guinea Administration the following particular conditions. Some of these may not be necessary in Australia but we regard them as vital if the operation is to proceed on Bougainville.

To improve economic feasibility and increase the cash flow

A three year tax holiday.

An assurance that capital expenditure involved in the operation, including expenditure on treatment plant, roads, town, power plant and port will qualify as a deduction for the purposes of Division 10 of the New Guinea Tax Ordinance.

Retention of the 20% exemption on income from the mining of ores of copper.

To safeguard availability of world currencies

A clause in the agreement (which would operate only after exchange control powers had passed to the New Guinea Administration or Legislature) to ensure to the company the right to retain and use currency from loans and proceeds of the sale of its products for loan repayments, dividend payments, imports and the like.

To aid long term stability

Financial participation by the Administration—an option is offered whereby at or about the time of taking up the leases the Administration may take 20% of the equity of the company at par. We are keen to see this participation eventuate and consider it is important that, should this option be exercised, it will continue to be held by and for the benefit of the Administration or the indigenous inhabitants of the Territory.

A profit sharing formula under which from the time the company starts to pay income tax its total contribution will rise rapidly to 50% of taxable income, and the Administration will receive from the company taxes in excess of those payable by other companies. In return it is proposed that the company shall be assured that this percentage will operate as a ceiling on all imposts, other than municipal rates, until the twenty-fifth year of operation and thereafter may, according to the formula, rise further.

Without incorporation of these measures, we believe it is unlikely that borrowed monies of the order required could be obtained, even in favourable financing situations. Unless we can be satisfied financing will be possible, continuation of our investigations ceases to have real purpose.

There are in addition a number of other reasons not directly concerned with financing why the measures as proposed should be adopted.

For instance, it is our firm conviction that in view of the cost of exploration (our diamond drilling costs to date at Bougainville are of the order of seven times those in Queensland), the marked difference between operating costs in the Territories and Australia and the contribution that mining would make to the development of the Territories, a three year tax holiday should be introduced not only for our Bougainville operation but for all mining in Papua and New Guinea. This action would without doubt greatly increase the interest in exploration in these areas.

Also, in the proposals that are now made we have accepted that in return for what is sought for this particular operation the company will, once it becomes taxable, bear a relatively heavy tax burden and be relieved of the major fear in a newly formed state, namely selective and unreasonably high taxes in the future. For this reason we have stressed for some months the vital importance of the tax ceiling to safeguard the operation in the days which follow independence or self government.

As evidence of the good faith of our companies in this matter, they are at present incurring expenditure at the rate of several hundred thousand dollars each month on this project. In doing so they are proceeding on the belief that the Government will accept the potential value of this operation to the economy of the Territory and that it will take the necessary steps to enable this to be undertaken.¹

[NAA: A452, 1967/3211]

93 SUBMISSION, BALLARD TO BARNES

Canberra, undated

Papua New Guinea Administration—departmental reports on the Under-Secretary system

The Papua New Guinea departments reported to the Administrator, at his request, on the performance of their Under-Secretaries during 1966, and these reports have been forwarded to the Department.¹

¹ Barnes acknowledged receipt of Mawby's letter on 14 March, and on the same date copied the CRA letter to Holt, McMahon and John McEwen (Minister for Trade and Industry) noting that he intended 'to submit recommendations to Cabinet shortly regarding the major terms of a proposed agreement between C.R.A. Ltd. and the Papua and New Guinea Administration' (NAA: A452, 1967/1333).

¹ See Document 89.

2. In October, 1966 the Administrator indicated the following minimum areas of participation for the Under-Secretaries:

- 2.1 Advice to their Department on Bills.
- 2.2 Represent their Department's views in House.
- 2.3 Answering of questions in the House.
- 2.4 Represent Department at official functions.
- 2.5 Visits to Districts on Departmental problems.
- 2.6 Special advice to their Department from their local knowledge and experience of particular areas.
- 2.7 Meeting official visitors.
- 2.8 Participation in Departmental conferences.
- 2.9 Participation in Departmental policy formation.
- 2.10 Assist with Departmental estimates, recruiting.

3. The Departmental reports, either specifically or by implication, addressed themselves to these basic duties. In so evaluating their performances five Under-Secretaries were shown to be doing half or more of these tasks, three Under-Secretaries a third of their basic duties, and two Under-Secretaries none. Mr. Paul Lapun was shown to be pre-occupied with the Bougainville problem and his Mining Bill, and Mr. Nicholas Brokam with his responsibilities to the Administrator's Council and the Trusteeship Council to the exclusion of their Under-Secretary duties.

4. At this stage of their development the efforts of the following five Under-Secretaries show some promise—

- 4.1 Mr. Zurecnuoc²—Treasury
- 4.2 Mr. Watson—Trade and Industry
- 4.3 Mr. Eupu—Lands, Surveys and Mines
- 4.4 Mr. Tabua—Public Works
- 4.5 Mr. Abe—Health.

5. In nearly every case, however, the effectiveness of the Under-Secretary system appears to have been limited by the time which the members are prepared to spend in Port Moresby. In part the reluctance to spend time in the offices stems from desire to keep in touch with their electorates. There are probably other factors—limited understanding of papers or matters before them; inability to see the importance of their contribution to issues; preference for life at home.

6. If the Parliamentary Secretary system is implemented in 1968 it will be most important that members holding that office be prepared to spend a large proportion of their time on official duties. The selection of appropriate members will, it seems, be a large element in the success or otherwise of the Parliamentary Secretary system. While the Under-Secretary system has not been an unqualified success to date, it must be examined against the background of the level of sophistication of the members themselves and of their electorates. Seen in this light, it seems only reasonable to expect some difficulties in the first move towards responsible ministerial government; it might be expected however

2 Z.M. Zurecnuoc, MHA, Finschhafen open electorate.

that the failures in the system will be used by some to argue for the development of an Executive which is not made up of members of the House of Assembly.³

7. Submitted for information.⁴

[NAA: A452, 1964/3516]

94 SUBMISSION, BALLARD TO BARNES

Canberra, 10 March 1967

Papua and New Guinea—recommendations of the Police Advisory Committee

The Police Advisory Committee was appointed in December 1965 and presented its report to the Administrator in March 1966. All but a few of the recommendations have been accepted and in June 1966 you directed that they should be implemented without delay.¹ This submission is to inform you of progress so far.

Pay and conditions

2. A total fortnightly cash wage replaced the old system of monthly wages and rations on 1st July 1966. The new wage scale is the same as that for Pacific Islands Regiment members except that some P.I.R. members still receive a small ration issue. This anomaly is being reviewed at present.²

3. New salary ranges for overseas officers holding commissioned rank have been approved but there is a dispute over the date of effect and the method of adjustment from the old incremental structure to the new. The dispute has been referred to the Administrator who must appoint an arbitrator under the Industrial Relations Ordinance.

4. Plain clothes and station-in-charge allowances have been approved and will be paid when the rates and determinations are finalised. Location allowances are being paid and will be reviewed along with public service location allowances shortly.

5. Local members of the Constabulary may be included in a proposed new superannuation scheme for Papuan and New Guinean public servants. The difficulties are the different retiring ages for public servants and Constabulary, and what to do with the existing Constabulary pension scheme. The difficulties are being investigated at present.

6. Overseas contract officers of the Constabulary are included in the provision of the Retirement Benefits (Contract Officers) Ordinance which has been submitted for Assent.

3 In a draft of the submission, the final paragraph read: 'The overall performance ... does not augur too well for the future with the approach of a limited executive. If and when Parliamentary Secretaries eventuate the incumbents are going to have to devote a good deal more time to their duties than do any of the present Under-Secretaries. In fact a realistic re-assessment of their unpreparedness to devote up to forty weeks per annum to the Executive may necessitate your considering an Executive from outside the House of Assembly' (NAA: A452, 1964/3516).

4 Barnes initialled the submission on 2 March.

1 See footnote 1, Document 42.

2 See editorial note 'Industrial unrest: announcements on police and PIR conditions of service', and Documents 63–5.

7. Members of the Constabulary are included in the provisions of the Compensation Bill which will be introduced into the House of Assembly during the February sittings.

Recruitment and organisation

8. Many of the recommendations require more police and civilian staff. (Establishment of Central Traffic and Firearms registries, creation of new police districts and rural stations, creation of new specialist sections, improved training). You have approved the creation of 81 commissioned rank positions and 134 civilian positions, and the reclassification of 11 civilian positions.

9. This year's recruitment programme included 30 sub-inspectors. Five have been engaged and a further four will be engaged if the usual recruitment checks are completed satisfactorily. In addition 44 recently interviewed applicants are considered suitable for engagement and their applications have been sent to the Commissioner for approval. It therefore appears certain that over 30 overseas sub-inspectors will be recruited this financial year. Recruitment of other ranks is going on to the limit of training facilities.

10. Recruitment of clerks in Australia has been delayed by the \$50,000 cut in the recruitment estimates by the House of Assembly. The Administrator's Council has recently approved the inclusion in the March supplementary budget of \$60,000 for recruitment in Australia. Approval of this item by the House will enable the Administration to recruit (among other categories) 70 clerks for all Territory departments, and some of these will fill new civilian positions in the Police Administration Branch. In the meantime the Commissioner will no doubt arrange for the higher civilian positions to be advertised within the Territory Public Service.

11. It is proposed to put the Police Administration Branch under the administrative control of the Department of Law. The relationship of senior civilians to the Commissioner is still being considered.

Funds

12. The Budget Sub-Committee has estimated the cost of the various recommendations and has drawn up a schedule for the funding of approved recommendations over three years. In general funds are being provided as laid down in the schedule (copy attached).³ Provision will be made in the 1967/68 budget for the implementation of the recommendations to continue as planned.

Accommodation and buildings

13. You directed that great efforts should be made to improve living accommodation. 140 of the estimated 336 new units needed for married local members have been included in the Works Programme for 1966/67 and 1967/68. Specific alterations to existing local members' accommodation recommended by the Committee have also been included on the Works Programme for the same period. The full amount thought necessary by the Budget Sub-Committee for general improvements to local members' accommodation (\$270,000) has been included on the Works Programme and it [is] expected that \$235,000 of this will be spent this financial year.

14. All houses occupied by police officers have been declared Departmental (i.e. may be allocated by the Commissioner) Single officers' quarters for Lae have been approved and included in the Works Programme for 1966/67.

3 Not printed.

15. Five new rural police stations and two suburban stations in Port Moresby have been included on the Works Programme for 1966/67 and 1967/68. One station (Kundiawa) has been listed for improvement at a cost of \$20,000.

[*matter omitted*]⁴

24. The implementation of the major approved recommendations appears to be proceeding satisfactorily. Some action depends on the provision of more staff and funds. The position is being kept under review and you will be further informed on progress later in the year.

25. Submitted for *information*.⁵

[NAA: A452, 1966/1959]

95 PAPER BY DOT

Canberra, undated

Minister's speech in Melbourne, 3rd March, 1967: reporting, reactions, comments and conclusions

The speech by the Minister for Territories in Melbourne on 3rd March drew immediate and widespread reaction in the Territory and in Australia.

The purpose of this paper is to record the sequence of events as the speech became an issue in the daily press, the Australian Parliament and the Papua and New Guinea House of Assembly, to analyse the reporting and comment by Australian newspapers and to offer tentative conclusions that may be useful as guidelines for the future. Some of the propositions will need to be followed up in more detail when additional information is available, before they can be regarded as conclusive. No attempt has been made to give a verbatim account of what the Minister actually said. The Minister has stated that his remarks were made 'off the cuff' and has issued a statement incorporating one newspaper's report which he says is an accurate report of the substance of what he said.

Mr. Barnes spoke briefly to open a Papua and New Guinea display which showed the progress of the Territory towards nationhood.

Reporters covered the opening for two newspapers—the Melbourne 'Age', and 'Australian' and for the Australian Broadcasting Commission.

There was a sharp difference between the stories which appeared in the 'Age' and the 'Australian' the following morning. The A.B.C. did not use a report of the speech.

The 'Australian' used as its front page lead the fact that 'Papua–New Guinea might never be granted independence, the Minister for Territories, Mr. Barnes, said yesterday'. The story was headlined:

MINISTER SAYS INDEPENDENCE WILL NOT COME SOON—IF AT ALL

BARNES: NG MAY NOT BREAK AWAY

4 Matter omitted refers, inter alia, to information on new equipment including that '\$333,000 approximately has been provided for supplying approved furniture issues to public servants and Constabulary'.

5 Barnes initialled the submission on 14 March.

The 'Australian' quoted Mr. Barnes as saying 'independence for Papua/New Guinea will not be achieved for very many years, *if at all*'. This was the only section quoted from what was purported to be Mr. Barnes' speech. The 'Australian' said Mr. Barnes had not elaborated on his remark. The paper ran a further six paragraphs which it said were given to an 'Australian' reporter who asked the Minister to qualify the statement. A member of the House of Assembly in Port Moresby, Mr. John Pasquarelli,¹ called the speech 'insolent and imprudent'.

In the next few days the crucial part of the report became the 'independence for Papua/New Guinea will not be achieved for very many years, if at all' quote.

Concurrently with its report of the speech, the 'Australian' ran a reaction story from its correspondent in Port Moresby, Donald Hogg. This report quoted the Speaker of the House, Mr. H.L.R. Niall,² as being amazed by Mr. Barnes' statement. The report also quoted Mr. Gaudi Mirau³ who said he could not understand why the Minister had said such a thing. Mr. Tei Abal was quoted as supporting the Minister. In addition, Hogg said that most members from the primitive Highland areas agreed with Mr. Barnes.

It was on these statements that the 'Australian' based its assessment that the Minister's statement had been received in Port Moresby with reactions ranging from 'shock to complete agreement'.

About half the reaction story consisted of Hogg's own views based on a quick survey of members.

Hogg reported: 'There is a widespread feeling here, particularly in the coastal areas, that the next House election in 1968 will mean a change from the present system of paternal government to a form of ministerial government; and that independence in 1972 is not only highly likely but desirable'.

The 'Age' merely said that the Minister for Territories doubted whether Papua/New Guinea would ever be completely independent of Australia. The report quoted Mr. Barnes as saying that the people of the Territory would decide after they had self-government whether they wanted to be independent of Australia.

Later, according to the report, Mr. Barnes said discussions with natives of the Territory led him to believe that their choice would be to remain closely associated with Australia.

The 'Age' did not use the 'if at all' quote.

The week-end gave the Australian Associated Press in Port Moresby an opportunity to provide a more complete reaction story which was taken by many papers which had not run the original statement. The A.A.P. story perpetuated the 'if at all' quote even though the 'Australian' which is outside the A.A.P. organisation, had originated it.

The 'Age' itself ran the A.A.P. reaction story, allowing it to be based on the 'Australian' quote and not modifying it to conform to the 'Age's' original story. Even in its editorial comment on Monday, 6th March, under the heading 'Not Well Said' the 'Age' appeared, in view of the 'Australian' story, to have second thoughts about what the Minister had in fact said.

1 MHA, Angoram open electorate.

2 MHA, North Markham special electorate.

3 MHA, Markham open electorate.

The 'Canberra Times' which picked up the story for the first time on Monday morning was more guarded in its treatment of it, referring to a 'reported statement'.

The reaction story in the 'Age' said that members of the Papua/New Guinea House of Assembly disagreed with the Minister's 'if at all' statement. The general feeling according to the story, was strongly against Mr. Barnes' view, although some members agree[d] with him. Seven House of Assembly members were quoted. Their statements did not substantiate the general conclusion of the story or the 'Age' headline:

NG REPLY TO BARNES: 'WE WILL HAVE INDEPENDENCE'

Only one member, Mr. Barry Holloway, spoke of independence inevitably coming within a certain time—eight years. All others either spoke of self-government or were even more cautious.

Mr. Matthias Toliman said Papua/New Guinea should have self-government now.

Mr. Don Barrett⁴ suggested only that 'the political situation in this country is changing yearly'.

Both Mr. Gabriel Ehava Karava⁵ and Mr. Tei Abal agreed that independence was a long way off.

The Rev. Percy Chatterton⁶ asked how the Minister's statement squared with the assurance that the people of the Territory would be given their independence if and when they wanted it.

Mr. Kaibelt Diria⁷ said his people feared independence because they believed Europeans would then leave en masse.

The 'Canberra Times' somewhat more accurately summed up the reaction in its headline:

NEW GUINEA MP'S SPLIT ON INDEPENDENCE

Faced with the reaction, particularly in Port Moresby where the House of Assembly was in session, the Minister on Monday 6th March sent a message to the Administrator saying that the report in the 'Australian' was a complete distortion. He then quoted the 'Age' report as being the substance of what he had in fact said. Mr. Barnes telegraphed the text of the message to all metropolitan daily newspapers in Australia and to the 'South Pacific Post' and the A.B.C. in Port Moresby.

Mr. Barnes said in his message that, as shown by the accurate report in the 'Age', the substance of what he had said in Melbourne was no different from what he had been saying for some time past and did not represent any change in the policy of the Australian Government. This was that the Government's basic policy for Papua and New Guinea had been and still was self-determination.

The 'South Pacific Post' in Port Moresby, having received the telegram, used as its lead to the story the fact that the Minister for Territories had said that he doubted whether Papua/New Guinea would ever be completely independent of Australia. This conformed to the 'Age' report.

4 MHA, West Gazelle special electorate.

5 MHA, Lakekamu open electorate.

6 MHA, Central special electorate.

7 MHA, Minj open electorate.

The text of Mr. Barnes' statement to the Administrator was read to the House of Assembly. A report in the Adelaide 'Advertiser' quoted Mr. Pasquarelli as saying subsequently: 'If the Minister was reported incorrectly, I owe him an apology'.

At his press conference on Monday afternoon the Prime Minister was asked a question about Mr. Barnes' statement and he reiterated that there had been no change in Government policy towards independence for Papua and New Guinea. This had been and still was self-determination.

Most papers on Tuesday morning gave prominence to Mr. Holt's statement. The 'Canberra Times' also ran the text of Mr. Barnes' message to the Administrator in full. It further commented editorially under the heading 'Clumsy talk'.

The 'Australian', in an editor's note, defended its reporting of Mr. Barnes' statement and said that when approached for further comment on Sunday Mr. Barnes had not denied having made the 'if at all' speech. The paper pointed out that Mr. Barnes had, however, emphasised during his speech and in talking to a reporter from the 'Australian' afterwards: 'But it's not for me to say. The people of the Territory have this right'. This was considered to be a crucial qualification of the 'if at all' statement, reiterating as it did Australia's basic policy.

In Parliament on Tuesday, 7th March, Mr. Barnes was asked three questions about his speech. In reply to the first question Mr. Barnes repeated that the 'Age' report was an accurate record of the substance of what he had said.

In reply to the second question, Mr. Barnes said that he was unable to present a written copy of his speech because it had been made off the cuff. He added, 'The people of the Territory have the right to choose self-government or independence at any time. It has been made perfectly clear that they have this right. But they should not be forced by any nation or outside body to make a decision. I think this arrangement is best for the people and I do not think it can be improved'.

Asked if he would categorically deny that he made the 'if at all' statement, Mr. Barnes said 'The objective⁸ is to have me admit to a part of my statement taken out of context, and this I refuse to do. You can read my full statement in the Melbourne "Age", as I mentioned earlier'.

The 'Australian' gave prominence to the reply to the latter question and ran a special article on 8th March by Peter Hastings⁹ in which he assessed Territory opinion towards independence, contrasting his interpretation of it with Mr. Barnes' discussions with the more conservative element of the Territory.

Hastings said Mr. Barnes honestly believed that the people of New Guinea did not want independence. At this stage, he was right to the extent that the Territory's less sophisticated natives did not want it. But this was not true of the coastal politicians, as agency reports indicate. It certainly was not true of the emerging elites, the indigenous public servants and the student groups.

These groups, of increasing importance and ever-increasing influence, saw independence as the only sensible constitutional solution.

⁸ Ellipsis in the original.

⁹ Asia and PNG correspondent of the *Australian*; also executive officer, Council on New Guinea Affairs and editor of its quarterly, *New Guinea*.

Hastings said the intriguing question was 'which natives told Mr. Barnes what?' Mr. Barnes had a predilection when visiting the Territory for the company of the most conservative native politicians, especially those from the western highlands.

'Surely this is dangerously misleading,' Hastings said. 'While the older politicians of the Territory speak for a generation of natives psychologically and economically dependent upon continuing Australian skills, they are not representative of either the younger political generation or the sophisticated coastal politicians.'

'The plain fact is that Mr. Barnes and his chief advisers in the Department of Territories, have never liked the notion of independence and have always fought shy of proclaiming it as the end goal of Australian political tuition in the Territory'.

The 'Australian' was to elaborate further on its stand over Papua and New Guinea in a subsequent editorial.

On Wednesday, 8th March, Mr. Barnes was again asked a question in Parliament on his Melbourne speech, this time in relation to the 'Age' editorial. Mr. Barnes was asked if he agreed that the editorial gave a completely accurate interpretation of a statement about which the same newspaper gave a completely accurate report. Mr. Barnes replied that he had referred to the report, and not to the editorial. Where the editor got his material for the editorial 'I do not know'.

In an editorial on 9th March under the title 'Answer to Mr. Barnes' the 'Australian' tried to make it clear its own views on independence for Papua and New Guinea.

'We believe in independence for New Guinea as an inevitable and proper constitutional discharge of Australia's political responsibilities in Papua/New Guinea.

'We do not urge target dates for independence, believing very firmly that the problems of political development are too many and too complex for such a procedure.

'We do believe, and have often said, that independence should not be thrust on New Guineans but granted to them at a time of their own choosing.

'This may be sooner or later. In our opinion it will be a good deal sooner than Mr. Barnes credits.

'We do not believe that the native people of the Territory should be encouraged in the current improper Government inspired fashion to imagine certain constitutional courses may be open to them at a future date when they most probably won't be.

'We do believe that New Guineans should be told now and unequivocally that they can only look forward to independence which they will get when they want it and that any other arrangements with Australia must follow, by mutual agreement, after that act.'

The last word for the week was had by a Labor member in the House of Representatives, who called on the Prime Minister to remove the Minister for Territories.

CONCLUSIONS

There was a fundamental disagreement over the meaning of the word 'independence'. There is a sharp, though nevertheless, subtle distinction between Papua and New Guinea becoming independent of Australia and the Territory becoming independent. The 'Australian' version implied the withholding of political independence as distinct from the Territory being to some extent dependent on Australia.

The incident illustrated how one newspaper report can be seized on by other newspapers where it is a more appropriate story to follow up. Quite obviously no attempt was made

by A.A.P. in Port Moresby to check the accuracy of the original 'Australian' story and this perpetuated the quote that caused all the trouble. Headlines and story summaries also bore no relation to the balance of opinions in the reaction stories.

It would appear that comment of the kind published tends to be sought firstly from those people who knowingly favour the journalists' intention. There is of course no attempt at genuine sampling.

The reaction stories suggested that there is no clearly articulated support among members of the House of Assembly for early independence. There appeared to be in the stories filed lack of foundation for what the Press Corps in Port Moresby considered to be the prevailing opinion in favour of independence. One would not get this impression from day-to-day newsagency reports from the Territory, particularly of proceedings of the House of Assembly. One conclusion that may be drawn from this is that the Press Corps have a bias towards independence that is reflected in their coverage of Territory events. Agency reports taken as a whole would tend to be misleading as to the true state of developing opinion.

The importance of all this is in the reliance that is placed on the agency reports in assessing Territory opinion, and the influence they must inevitably have on the future course of opinion in the Territory. The Press Corps forms its own elite in the formation of Territory opinion.

While it may have been possible to ignore the Australian reaction to the press reporting, the situation arose where Territory opinion and reaction became important. Even though the original 'Australian' story did not appear in the Territory, reporters seeking comment and reaction used it as their basis and thus gave credence to it. Any discussion that took place in the Territory was on the basis of the report in the 'Australian'.

Such a situation resulted, in some measure, from a failure of journalistic responsibility. It was taken for granted that, despite a conflicting report in the 'Age', the 'Australian' report was accurate enough for the purpose of seeking reactions.

The 'Australian' has been a consistent critic of Australian Government policy in Papua and New Guinea and more particularly of Mr. Barnes. The controversy, which was confined to the 'Australian' for whom it became a 'major' story, provided some clarification of the 'Australian's' stand, as expressed in its editorial of reply to Mr. Barnes. One gets the impression from this that a deliberate attempt is made, not to report Australian policy, but to seek out areas of difference with it, even if they do not really exist.

The incident also produced further discussion of Australia's role in Papua and New Guinea and, for an Australian electorate that is somewhat complacent about Papua and New Guinea, was a reminder of Australia's responsibilities there. No assessment is possible of Australian reaction, since apart from questions in Parliament which concentrated only on trying to embarrass the Minister personally, this was ignored by the Press. On the other hand, the incident produced discussion, at least in the Territory, and the various paper reports themselves reflected a real division of opinion.

There would appear to be insufficient expression of those views which in fact are cautious towards the movement towards independence. Those who favour more rapid movement tend to be more vocal or are reported more consistently.

Mr. Pasquarelli's retraction may serve as a reminder to a House of Assembly growing in sophistication that in the field of news and comment on issues as important as independence for Papua and New Guinea it is better to wait to see what someone actually said before

commenting on a newspaper version of it. For this reason, Mr. Barnes' message to the Administrator may have served a useful purpose by being read in the House.

The incident emphasises, for this reason, the desirability of providing transcripts of speeches as soon after speeches are delivered as possible for circulation to the Administration, the House of Assembly and other interested Departments such as External Affairs. There would then be no doubt about the Government's stated position.

Private contact with the Canberra Press Gallery revealed mixed feelings and opinions. Commenting on the 'Australian's' story, one senior gallery reporter said: 'That's what happens when you have a paper which has a lot of space to fill.'

The general reaction of gallery reporters was that the Minister had held off too long before refuting the story in the 'Australian'. 'He should have cast doubt on Saturday before the story gathered its momentum,' was how one reporter summed up. 'People then would have been less willing to believe it.'

One reporter was concerned that no denial had been made of the Minister having said the words in dispute.

The questioning of Mr. Barnes in the House coincided with the introduction of Labor tactics to concentrate attacks on one or two ministers in the hope that persistent questioning would weaken the Government's position. One important result of the controversy will be that close attention may be given to Territory subjects, both in Parliament and in the Press. Newspapers who feel they missed a story will make sure they do not do so again, and for this reason there is likely to be interest in future Ministerial speeches, at least for a while.

The continuing problems of relations with the Press and how they are handled both Ministerially and Departmentally would appear to require close examination.

[NAA: A452, 1967/2042]

96 SUBMISSION, BALLARD TO BARNES

Canberra, 14 March 1967

Papua New Guinea Select Committee on Constitutional Development

The Select Committee has been proceeding on the itinerary of 18 public meetings foreshadowed in the Administrator's memorandum of 16th January 1967.¹ A progress report on these meetings, which are due to conclude by 23rd March, has been received.²

2. The Administrator has reported on the meetings held at Daru, Kerema, Samarai, Popondetta, Rabaul, Sohano, Kavieng, Manus, Madang, Wewak, Mendi, Mt. Hagen, Vanimo, Talasea, Goroka, Kundiawa and Lae by the 23rd February, and there now remains the Port Moresby public meeting scheduled for Wednesday 22nd March to be reported upon.

3. The reports show good attendances and high interest on the part of the Papuans and New Guineans, contrasting with sparse attendance and little general interest by

1 Not printed.

2 Not printed.

Europeans. Little development of ideas occurred in the meetings, people tending to bring along already formed views. The young, better educated expressed their individual ideas. The only woman to speak was European.

4. The expectation of strictly limited constitutional development in 1968 was prevalent. Few knew of the circulars explaining the Under-Secretary system and Administrator's Council (folios 185–9 attached)³ which had been distributed, emphasizing the urgency of the political education material now in preparation by the Department of District Administration.

5. The consensus view appeared to be for a Minister for each Department, selected by the House of Assembly; dissatisfaction with the performance of Under-Secretaries; and a lack of understanding of the Administrator's Council.

6. Typical meetings are reported (folios 201 and 202 attached)⁴ in which a 14-member Administrator's Council, including eight indigenes, was advocated at Rabaul; and that this Council should become a Cabinet was suggested at Madang, where emphasis was also laid on the establishment of a financial committee of the House with regional representatives to control the allocation of funds. Whilst 1968 was the suggested timing for such changes, the Madang meeting modified its view to 1972 for 'the more sweeping reforms.'

7. It is noted that whilst attendances were good there were notable absences, M.H.A.'s and Europeans, yet there are grounds for feeling that the views expressed are probably fairly typical of the people and would appear to be leading the Select Committee to conclude that it should recommend a limited executive function with some machinery for financial consultation.

8. Submitted for *information*.⁵

[NAA: A452, 1966/2960]

3 Not printed.

4 Not printed.

5 Barnes initialled the submission on 14 March.

97 LETTER, GROUP OF 13 TO GUISE¹

Port Moresby, [23 January 1967]²

We are asking leave to make important additions and modifications to the original recommendations we submitted in August.³ Certain events and developments have brought about a change in our thinking. These alterations are more concerned with timing and speed than the actual subject matter. Our original submission holds good in content and purpose. WHAT should take place remains broadly the same. WHEN it should take place and HOW, or by what means, is what we want to add here.

These changes in our thinking have come about because of a realization that if this present system of colonial or territory government continues, with all its inevitable master–servant overtones, serious tensions will develop, in fact are already developing, that will result in a loss of confidence and a complete breakdown of relations not only between the races here but between the two countries. We now see that deterioration in race relations is taking place faster than we thought earlier. We earnestly desire that confidence be restored and that our progress toward self-government should take place in a spirit of mutual respect and goodwill.

Attachment

SUMMARY OF SUPPLEMENTARY SUBMISSION TO SELECT COMMITTEE ON CONSTITUTIONAL AND POLITICAL DEVELOPMENT—JANUARY 1967

1. *Immediate limited responsible government—or ‘home rule’*

For the House of Assembly, this means that elected representatives of the people, through their leaders, must be given Executive authority *in all domestic affairs*. This will come about when Ministers are put in charge of Departments as listed below under 7. This is the beginning of ‘Home Rule’. (See item 12 in the Detailed Explanation.)

2. *Executive or ‘Cabinet’*

A true Executive or ‘Cabinet’ must be set up in 1968 with full executive authority. This must be elected or appointed by a Committee representing *the whole House of Assembly* and be responsible *to* the House of Assembly, the elected representatives of the people. Members of Regional as well as Open Electorates will be eligible for appointment to

1 The group wrote to Guise in his capacity as Chairman of the Select Committee. According to the typewritten text, the group consisted of Albert Maori Kiki, Michael Somare, Oala Oala-Rarua (President, Workers’ Association, Port Moresby), Elliot Elijah (training officer, Department of Trade and Industry Co-operative Centre), Sinaka Goava (student, Administrative College), Kamona Walo (student, Administrative College), Joseph Kaal Nombri (student, Administrative College and President, Territory Students’ Federation), Ebia Olewale (education officer), Ilomo Batton (doctor stationed in Daru), Gerai Asiba (student patrol officer), Reuben Taureka (Acting Assistant Director, Medical Services) and Pen Anakapu (student, Administrative College) and Cecil Abel. However, a copy of the submission in NAA: A452, 1966/2960 has an anonymous annotation claiming Goava, Batton and Asiba did not sign the document by the date of submission. In terms of leadership, Newby told Territories that ‘the prime mover of the group is Cecil Abel’ (minute, officer unidentified (Acting OIC, Information Section, DOT) to Warwick Smith, dated ‘3/67’, *ibid.*).

2 Though dated 23 January, the submission was not presented to the Select Committee until 16 March (see footnote 4, Document 98).

3 See footnote 3, Document 58.

this Executive. (See Detailed Explanation item 12). This Executive will serve for a *fixed period of four years* and will not depend for its life on the confidence of the House. That is, it will not resign if a Government motion is defeated.

3. *Need for executive now recognized*

The need for some executive authority in drawing up the Budget in the House of Assembly has now been recognized by the Minister for Territories, by the Administrator, Mr. David Hay, and by leading members of the House of Assembly. An executive to deal with finance alone, however, is not enough. The time has come for the representatives of the people to decide on matters which vitally concern them. This can only be done by placing Ministers at the head of those departments which most directly affect the lives, the welfare and the prosperity of the people. No one can deny they have a right to decide domestic affairs.

4. *Eight ministers to begin with*

This 'Cabinet' will be made up of *at least eight* (8) Cabinet Ministers who will replace the Directors and take charge of Departments as Heads of Departments. (See 7 below and Original Submission Summary page iii.) The rest of Cabinet will be made up of Directors who are Heads of remaining Departments.

5. *Provision for extra Ministers*

New Ministers will be appointed from time to time to take over other Departments as the House sees fit. Provision to be made for this expansion in amendment to Papua New Guinea Act.

6. *Chief Minister, Head of Cabinet*

The eight Ministers will include and be led by a *Chief Minister* who will be appointed first and will be Chairman or Leader of the Executive Council or 'Cabinet'. (See Original Submission Summary pages ii and iii.) He must have his own new Department, the Chief Minister's Department.

7. *Eight ministerial portfolios*

1. The *Chief Minister*—who will head his own new Department.
2. Minister for *Home Affairs* (to replace Department of District Administration).
3. Minister for *Local Government*—(New Department).
4. Minister for *Lands, Surveys and Mines*.
5. Minister for *Labour*.
6. Minister for *Information and Culture*—(reorganized Department of Information and Extension Services).
7. Minister for *Local Finance* or Assistant Treasurer.
8. Minister for *Education*.

(See pages 8–10 Original Submission)

8. *Position of previous Directors*

Previous Directors of the above Departments will then become *Permanent Secretaries* of those Departments until they are replaced by local officers, which should take place as soon as possible. (See item 13 this Summary.)

9. *No Under-Secretaries except as assistants to Ministers*

Under-Secretaries subject to Departmental Heads, i.e. public servants, must be discontinued. If it is felt advisable to train junior or future Ministers these members should be appointed as *Assistants to Ministers of Departments*. (See item 17 Detailed Explanation.)

10. *The Deputy Leader of the House*

The Chief Minister will appoint his *Deputy Leader* in the House. He will have Ministerial rank and salary. He will be chairman of the *Parliamentary Executive*. (See item 12 of this Summary.) Next to the Chief Minister this will be the most important position in the House.

11. *The House Steering Committee*

The House of Assembly will elect its own *Steering Committee* consisting of one less than the number of Ministers. They will be the Chairmen of the Parliamentary or House Committees and others. Together with the Ministers they will form the *Parliamentary Executive*. (See next item and page 12 Original Submission.)

12. *The Parliamentary Executive*

This will be made up of Cabinet Ministers, on the one hand, and members of the House Steering Committee on the other. This will be the most powerful body next to Cabinet. It will be the policy making body for the House of Assembly *during the transition period to self-government* (see Original Submission page 12 and pages 24–26). This will correspond to the A.L.P. ‘CAUCUS’ in Federal Parliament.

13. *Advancement of local officers to senior positions in the public service*

Replacement of expatriate officers by local officers must be carried out with vigour and determination. This is top priority and very urgent. Able men must be picked out, given special training if necessary, and put into positions of *senior* responsibility. (See Detailed Explanation item 16 and next item below.)

14. *Success of the preceding item 13 depends on the quality of Australian Advisers, guides etc. and on a new Public Service Board*

This demand for rapid advancement goes hand in hand with the demand for a completely new attitude in Administration as outlined under item 15 below. The key to success of this advancement lies in the outlook, psychology and quality of Australians who will be assisting and guiding indigenous appointees to senior positions. (See Detailed Explanation item 16.)

15. *Australian policy on administration must change completely*

That means there must be a radical change of outlook and purpose in Australia’s Administration of Papua New Guinea. Australians must no longer be masters but advisers, assistants and guides. The old colonial or ‘master–servant’ outlook must cease and the way of government based on this must stop too. (See items 6 and 7 in Detailed Explanation.)

16. *Public Service Board to replace Public Service Commissioner*

Advancement of local officers also depends on the appointment of a Public Service Board to replace the present Public Service Commissioner. This will mean an amendment to the Public Service Ordinance so that local officers who are of mature age and experience,

but lack present rigid academic qualifications, may be promoted to senior positions. It is unreasonable to force a public service system on to this country which may suit Australia but certainly does not suit us at this stage of our development. It took Australia 60 to 80 years to develop this system and there are now thousands of educated people offering to enter the public service. We only have a few. It is wrong to exclude a man who has other good qualifications but has not had the chance to pass certain examinations. These hard barriers to advancement must be removed by a new Public Service Ordinance.

17. The basis for continuing Australian domination is false

Just because Australia makes grants of money to Papua New Guinea this does not give her the right to control this country indefinitely nor dominate its leaders or to deny to them the right to begin and govern their own country. This is contrary to the United Nations Charter and the Declaration of Peoples' Right to Self-Determination. This cannot go on. (See item 9 Detailed Explanation.)

18. New framework after 1968 must be a 'caretaker Administration'

Australia's main function in Administration must in future be a handing over or *Transition Commission* whose chief work will be to bring about the hand-over of power. Australians must now progressively step down, hand over, step aside, and stand by as advisers and consultants. (See item 11 Detailed Explanation.)

19. High Commissioner to replace Administrator

The day of the autocrat and Administrator is over. In a country preparing to undertake responsible government there is no place for the Administrator or Assistant Administrator. (See item 13 Detailed Explanation.) A High Commissioner is more in keeping with a period of transition.

20. Deputy High Commissioner

The Deputy High Commissioner must be a Papuan or New Guinean, a public servant of high standing, integrity and ability. (See item 13 Detailed Explanation.)

21. External Affairs to deal with Papua New Guinea not External Territories

Under item 14 in the Explanations we give the reasons for this important change in relations between Australia and Papua New Guinea. In the future we will be separated from Australia and our relations then will, on the Australian side, be controlled by External Affairs. This should commence now. (See item 14 Detailed Explanation.)⁴

DETAILED EXPLANATION OF SUPPLEMENTARY SUBMISSION PLACED BEFORE THE
SELECT COMMITTEE ON CONSTITUTIONAL AND POLITICAL DEVELOPMENT

For reasons which we give in detail here and which are outlined in the Summary, we now press for constitutional changes involving the setting up of an Executive and the granting of nothing less than limited self-government in 1968. On the part of the metropolitan power, we are asking for a complete change in attitude and policy in regard to the function and purpose of Australia's role in administering Papua New Guinea. (See items 7 and 8 below.)

The reasons for this are as follows:

1. Federal Government delaying meaningful preparation for self-government

⁴ The summary was signed by Abel and Maori Kiki.

There is a widespread feeling amongst our thinking people that Federal Government is temporizing and foot-dragging; that is, it is delaying fulfilling the many promises that have been made to prepare Papua New Guinea for self-government. Some of our people, because of this, question Australia's good faith to give us self-government when we ask for it. It is not a good thing when mistrust like this creeps in, but this is hard to combat in the face of the Minister's recent speech in the House of Representatives in which he threatens reduction of the Commonwealth grant if there is any further disagreement on the part of the House of Assembly with Federal Government's 'fundamental policies'. The Minister is demanding complete and unquestioned subservience. How can we voice our wishes under these conditions?

2. Present system obsolete and dominating

(a) The present system and purpose of Administration is out of date, autocratic, unrealistic and inflexible. In spite of many advances in the introduction of political institutions and machinery, this administrative system is perpetuating the domination and control of Federal Government in the internal affairs of Papua New Guinea to the exclusion of our own leaders. This means that, in the House of Assembly, politicians have been excluded from the place of executive authority and local Public Servants are excluded from appointment to senior positions. This is seriously hindering preparation for self-government.

(b) We want to make it clear that we do recognize there have been outstanding instances of advancement of local officers to senior positions. It is worth noting that some of the most outstanding examples have taken place in the Department of Public Health. Another example is the appointment of the Assistant Electoral Officer. But these are the exceptions. We are racing against time and it should be quite clear that these appointments are not only too few but much too late.

In spite of these we still contend that, in the whole field of executive authority, in the making of policy and in the exercise of governing power, all decision making still remains the prerogative of expatriate officers. In other words not one single Papuan or New Guinean is in a position to make a decision that cannot be vetoed or countermanded by an Australian or by Australians.

To have to admit this fact in 1967, twenty two years after the end of World War II is a most serious indictment of Australia's record of government in Papua New Guinea.

3. Present system causing serious deterioration in race relations

This domination and exclusion is already resulting in disillusionment, friction and steadily deteriorating race relations. We cannot visualise a change over to self-government at any time in the future except under greatly worsened conditions and with the strong possibility of a complete and irreparable breakdown of amity and goodwill. This alone is sufficient reason for a complete reappraisal and review of the present system without any further delay.

4. To delay action will risk great trouble in the future

This deterioration of race relations on its own is a serious enough situation to warrant emergency action. When this is aggravated by inept mishandling of sensitive situations, and by overriding contempt of local opinion on explosive issues, this becomes a matter of major concern to every citizen and one on which we cannot afford to be silent. We, in this country, see, hear and know what is going on below the surface. We say that the necessary

action must be taken now to rebuild confidence and avoid the sort of breakdown which has crippled other countries and which will bring great suffering to us, our people and our children in the future. Australian politicians and public servants will not suffer, for many of them will, by then, be back in Australia. This is a very big task. If the Select Committee do not see this or fail to convince Federal Government they will not escape the verdict of history and the condemnation of future generations.

5. Insecurity causing flight of good public servants

Many expatriate public servants sense or fear this. To them, the future becomes increasingly insecure and uncertain for them and their children and they see no alternative but to return to Australia. Because of this, and because they cannot give their best, we are losing and will continue to lose some of our best men who want to do a worthwhile job and who are certainly not afraid of self-government. We, the people of Papua New Guinea, cannot afford to lose these men. The Australian Administration in Papua New Guinea may think it can because it would readily replace a good permanent officer who has years of experience, by a new contract officer, a green recruit, who can give little and may even be a liability. With criminal disregard for the consequences to this country this is actually what is happening. We are throwing away one of our greatest assets in public administration, i.e. men of experience, integrity and devotion to duty, who like us and like our country. These men and women are a vital asset at this stage of our country's development and we think it's worth a supreme effort to hold them.

6. 'Master-servant' outlook and regime must go

The underlying cause of all this is an out-of-date, internationally discredited, 'Master' or Colonial type of regime and a governing system still loaded in favour of expatriates, who make all the decisions. It is a system of government with its roots deep in a colonial past that we are trying to break free from and our progress towards political responsibility is hindered and thwarted by the thousand and one exclusions, inequalities and inconsistencies that arise from this 'master-servant' mentality or outlook.

7. Reversal of Australia's role—advisers not masters

The solution lies in a complete reversal of this uneven balance. The Federal Government must step down, hand over and stand to one side while our leaders begin to learn how to run our country. This will take the heat out of the whole situation overnight and will immediately reduce racial tension. As long as Australians are masters there is no chance things will improve. When Australians are no longer masters but advisers and friends the tide will turn. Furthermore, when this time comes, and our leaders have to make the final decisions and are uncertain about what to do, they will not hesitate to turn to Australians for advice. As advisers instead of masters, Australians will hold a position of trust and esteem. Those Australians who cannot adapt to this new role will prefer to go. The best, those who can really help us, will stay. Please note that we say that Federal Government (and that includes the Australians who represent the Federal Government here) must step down and stand to one side. We deliberately do not say, *evacuate*. We contend that it is possible for our leaders to begin to assume the mantle of government, while Australians, who become advisers remain close by our side.

8. *We will need advice and help for many years*

We are fully aware that we will need Australia's help and advice for a long time to come. Nothing sobers a man, and makes him realize his limitations, like responsibility. We say to Australia, give us this responsibility and hold our friendship and respect. Give us a chance to learn while we can still turn to you expatriates for help and advice when we need it.

9. *The reason given for Australia's continuing control is false*

This leads us to challenge the false premise supporting Australian control. That is the pretext (the excuse) that Australia must retain major control of Papua New Guinea affairs as long as, and because, she contributes the greater part of our revenue. It is a false and out-of-date idea that grants-in-aid must have strings attached. This is also completely contrary to the United Nations Charter and the Declaration covering the right of people to self-determination and control of their own affairs and of their own natural resources, *even before independence*. Australia knows she could not gain support for this before the United Nations where she outwardly acknowledges our right to self-determination. Australia also knows that she must give, and go on giving even long after independence, because, in Papua New Guinea, her basic interests are involved. Australia is well aware she must retain our goodwill and friendship at all costs. The reason for this is defence.

10. *Our goodwill vital to Australia's defence*

We know very well that Australia's defence is our defence. But likewise, Australia must realize that our goodwill and friendship are absolutely vital to *HER* defence. It is the height of folly to spend 20 million dollars a year on defence and then jeopardise everything by throwing away our friendship and trust and goodwill. For that is what is happening now.

11. *New framework a caretaker administration or Transition Commission*

We therefore advocate a new and imaginative approach to the whole problem of government. Whatever form this new government assumes, on Australia's side, it must be primarily a caretaker or inter-regnum administration, preferably a *Transition Commission*. Charged with the specific function of handing over, it must implement that by putting into top positions those Papuan and New Guinean Public Servants most ready for advancement. All departments must be re-organized systematically with a view to progressive handing over of control to Papuans and New Guineans.

12. *Immediate responsible government*

On our side, it will mean that selected members of the House of Assembly, through their leaders, must accept responsibility for full executive authority in all domestic affairs. This implies an Executive Council or 'Cabinet' elected or appointed by the House of Assembly and *responsible to the House of Assembly*, the elected representatives of the people. This is *RESPONSIBLE GOVERNMENT*. This has no connection with the Under-Secretary system which we repudiate and think should be discarded. (See item 17 below.) Instead of a few Ministers, we now see a new 'Cabinet' or Executive made of eight Ministers and as many Directors as are necessary to manage the Departments. We also contend that this Executive must hold office for a fixed term of four years.

13. *High Commissioner to replace Administrator*

The Administrator must be replaced by a High Commissioner who will supervise this transition as smoothly and rapidly as possible. The Deputy High Commissioner will be a Papuan or

New Guinean chosen by the High Commissioner from a panel submitted by the House of Assembly. Assistant Administrators must be discontinued as there is no place or counterpart for this position in a 'responsible' government. They have played their part in a centralised system of colonial administration. In the transition period we are entering the position of Assistant Administrator will only confuse and hinder the smooth process of change over.

14. *Papua New Guinea to come under Department of External Affairs*

The most significant departure from existing conditions and relations with Australia will be our demand that Papua New Guinea is removed from the Department of Territories and immediately placed under the Department of External Affairs. This is consistent with the new status of a developing, semi-autonomous country. We should no longer be regarded as a 'Territory' of Australia or any other country. We are heading for self-government and adulthood as a nation. Our national identity and growing self awareness and prestige makes it absolutely imperative that all our dealings and relations with Federal Government should henceforth be handled by the Department that will, in the future, handle diplomatic relations with this country.

15. *External Affairs responsible for basis of future association*

Furthermore, since Defence and Foreign relations will be two of the very last functions to be relinquished by Australia, it is logical and proper that External Affairs should, from now onwards, be in a position to lay the groundwork for future co-operation and association under whatever agreements or treaties will be mutually acceptable to both countries.

16. *Reasons for confidence in success of handover*

A great many 'expert' observers will oppose this idea of a start to gradual handover in 1968 on the grounds that we do not have enough trained or experienced men either in the House or in the Public Service, and that those we do have will, if Australia[n] control is even partly removed, fall flat on their faces under the stress of responsibility. We will answer these objections under three headings:

(A) NEW ATTITUDE ON INDIGENOUS RULE

Everything depends on a complete face-about, a volte-face, in *policy and outlook on indigenous rule*, and on a new type of administration as well as a new outlook in public servants and officers.

(B) YOUNGER POLITICIANS EMERGING

The 1968 Elections will show that we will have the men for Ministerial positions. We predict a new type of politician will emerge in 1968—younger, better educated and with greater understanding of policies.

(C) ADVANCEMENT OF LOCAL OFFICERS

We already have amongst local officers the men for top positions in the Public Service but they are buried in second rate and subordinate positions.

In greater detail

(A) NEW ATTITUDE ON INDIGENOUS RULE

We have enlarged on this in items 7 and 8, but refer to it again here because, without this completely new outlook on the rightness of indigenous rule, and a complete face-about in policy, and without the kind of men who can put this policy into effect, no mere

change of name or machinery will work. It is a new chapter in the history of Papua New Guinea and in Australian relations with this country. A change of name like High Commissioner will make no difference unless the High Commissioner acts the part.

(B) YOUNGER POLITICIANS EMERGING

At least 25% of the new membership of the House of Assembly (84) will have to be of ministerial calibre. This will depend on how fast Electorates wake up to the fact that the men they vote for must be capable of ministerial duties. Many voters see that already but it will be brought home to them forcibly by the new look of the younger, educated, politically astute type of men offering themselves as candidates in 1968, and by the message which these young men have to give. But even the best of them will have to learn their job on the job as Ministers and this will take time. We do not foresee many Under-Secretaries being returned in 1968. Those who have consistently voted with the Administration have laid themselves open to the deadliest criticism from their opponents. They have been 'Collaborators' in the eyes of the voters.

(C) ADVANCEMENT OF LOCAL OFFICERS

1. There is no doubt that a wealth of top leadership lies buried simply because most Australian officers do not see a potential executive in a man they assume, without question, to be their subordinate. This is borne out by the overwhelming experience of our best local officers and also of those young men going into the Administrative College for extra training.

2. Apart from this it must be emphasized we should not be concerned about producing 'carbon copies' of Australian officers. Certain fundamental qualities will be common to both. Integrity, efficiency, scrupulous impartiality, meticulous honesty in finance, and exemplary conduct, will be amongst the qualities expected of any man posted to a top position. But just as in India, of the present day, what an Indian civil servant regards as priorities today is totally different from that of the former British raj. So we are bound to find the same thing here. We are convinced that we have the men for many top Departmental positions and also for a number of senior Field appointments.

17. *Failure of Under-Secretary system*

We wish to clarify our position on the Under-Secretary system and give reasons why we repudiate this system outright. We cannot, in the future, tolerate any subservience by elected members of the House of Assembly to bureaucratic or departmental control. This is not only a continuation of Australian colonial superiority but domination of elected members by public servants *and this is the opposite of responsibility to Parliament and the people*. The Under-Secretaries have been trained not for ministerial responsibility in some future Cabinet, but as departmental subordinates and have laid themselves open to the charge that they are now the amenable tools and yes-men of a bureaucracy committed to carrying out Australian policy. Every Under-Secretary has unwittingly forfeited his representative status. And, through no fault of their own, a lot of good men will, after 1968, never sit in the House of Assembly again. Administration approval of a candidate will be like the 'kiss of death' in the general elections of 1968.

18. *Federal Government years behind in implementing United Nations agreement and keeping up with world opinion*

(i) We think it is appropriate and timely for you, the members of the Select Committee on Constitution, to remind the Federal Government that it is not we who are advanced

or premature in our demands but the Australian Government that is behind the times. It is now recognized that the policies put into effect after the war by the late Mr. Eddie Ward⁵ and which were regarded by his opponents and many Australians at the time as 'advanced' were, in fact, ten years or more behind the times even then. Australian policies in Papua New Guinea have been slipping further and further back ever since.

(ii) Perhaps we should remind Federal Government of the Declaration on the Granting of Independence to Colonial Countries and Peoples which was adopted by the General Assembly on December 14, 1960 and to which Australia was a party. The Declaration states that the subjection of peoples to alien subjugation, domination and exploitation constitutes a denial of fundamental human rights and is contrary to the Charter of the United Nations. It states emphatically that 'immediate steps shall be taken in trust and *non-self-governing territories* ... to transfer all powers to the peoples of those territories without any conditions or reservations, in accordance with their *freely expressed will and desire* ...'⁶ That was six years ago. We submit that Federal Government as a signatory of that Declaration should begin to ratify those 'immediate steps' and implement the provisions of the Declaration. We consider the terms of this Supplement to our earlier submission very moderate compared with the 'transfer of power' provisions adopted by the General Assembly.

(iii) In the face of this, the recent changes in the Department of Territories indicates a hardening attitude on the part of Federal Government and highlights the concentration and centralising of greater powers in Canberra on matters affecting Papua New Guinea. The time has come to clarify the situation so that our people here as well as the people of Australia may become aware of Federal Government's failure to prepare us for self-government and to fulfill its obligations as a member of the General Assembly of the United Nations.

[NAA: A452, 1966/2760]

98 MEMORANDUM, ADMINISTRATION (HAY) TO DOT

Port Moresby, March 1967¹

Evidence given in Port Moresby to the Select Committee for Constitutional Development

I refer to your message 263/473 of 17th March² in which you ask for a copy of the statement given by a group of Papuan and New Guinean leaders to the Select Committee for Constitutional Development.³

I should like to emphasise that your use of the word 'leaders' is misplaced. The group giving evidence are in no sense leaders and represent their own views and possibly those of a section of the Tertiary student population in Port Moresby.

5 Minister for External Territories, 1943–9.

6 Ellipses in source document.

1 Exact date indecipherable. It was received in Canberra on 20 March.

2 Not printed.

3 Document 97.

It may be useful for you to know that Mr. Tei Abal who is a member of the Select Committee said that the points brought forward by the group were important but had come too soon in the Territory's development. The people making the submission wanted to go too quickly. 'They wanted to go like a rocket to the moon.' All of these things could come later but not at this time. Mr. Abal said there were no members of the House with the knowledge or qualifications to be ministers at this time. Nobody in the House knew how to do a minister's work. Mr. Abal asked Mr. Rarua who the people making the statement represented, themselves or many other people. Mr. Rarua replied that they were only speaking for themselves and wanted to put their thinking to the Committee. Mr. Abal said that he and the Western Highlanders in general strongly opposed all this hurry-up talk about self-government.

It is worth noting too that a Papuan who has claims to be called a leader, Mr. Toua Kapena, also disagreed with the group's presentation. Mr. Kapena is Chairman of the Port Moresby Local Government Council and has been a Councillor continuously since 1950. He told the Select Committee that his experience was that most Councillors did not understand Council procedures and therefore it seemed that Papuans and New Guineans would be unable to cope at this stage with the more complicated business of the House. However, he believed that the next House should have a greater say in the country's affairs.⁴

[NAA: A452, 1966/2960]

4 In Territories, Ballard submitted to Barnes that 'The statement is "anti-colonial" in tone and appears to be the work of Cecil Abel ... There seems no reason to regard the statement as other than the views of the thirteen signatories, i.e. they are not presented as the views of any group or groups of people with whom the signatories might be associated' (31 March 1967, NAA: A452, 1966/2960). Meanwhile, in a memorandum of 23 March, Hay had commented to DOT on publicity surrounding proceedings of the Select Committee on 16 March: 'It appears that an organiser for the group with the main submission distributed copies of that submission to certain people, including the representative for the 'Australian', but no copies were supplied to the Administration ... When it was learnt that the group had appeared before the Select Committee an effort was made to obtain a copy of the transcript. The Executive Officer advised that this could not be released until their report had gone to the House ... On Friday 17th a press telegram for Administration [radio] Stations was despatched ... This emphasised Mr. Tei Abal's comments. A.B.C. news items which dealt exclusively with the group's submission were being rebroadcast by Administration stations as part of their normal news service'. Writing more generally about publicity on the Select Committee, Hay opined that the 'A.B.C. in particular and the local newspapers tended to concentrate on novel and extreme submissions, while [the] reports [of the Department of Information and Extension Services] endeavoured to balance these with reports of more moderate views, including common views expressed by numbers of people' (NAA: A452, 1967/2553). On the question of the submission's impact in the Territory, Erskine wrote to Fenbury that 'there has been very little reaction observed among the indigenous urban population of Port Moresby to the submission made [to] the ... Committee ... relating to self government ... The minor reaction that has been observed has come from the Intermediate Tertiary Student group and the better educated of the local officers. Both of these groups express the view that the demands made by the thirteen persons are untimely, and that although the thirteen belong to various part of the Territory, they are not speaking as true representatives of the people in their districts' (30 March 1967, NLA: Ian Downs papers, MS 8254, box 8, folder 6). Notably, Watkins had publicly given his personal view that 'some of the [group's] statements ... are impertinent, and also show an absolute disregard for what has been done for the Territory ... and exhibits a situation which shows no thanks'. He said he took 'the strongest exception' to the charges made against the Federal Government and the Administration (*South Pacific Post*, 20 March 1967, NLA: NX 342). Watkins was privately reprimanded by Hay, who thought these comments inappropriate for an Administration officer (Hay interview, 1973-4, NLA: TRC 121/65, 3:1/29).

99 RECORD OF CONVERSATION BETWEEN AUSTRALIAN AND IBRD OFFICIALS¹

Sydney, 28 March 1967

Mr. Goodman began by saying that the Mission had not yet had time to digest all the material it had been given or all the points thrown up in discussion and any opinions it expressed should be regarded as tentative. The Mission's report would be prepared in Washington during the next few weeks.

Mr. Goodman said the Mission was impressed by the rapid rate of growth of the Territory economy as measured by figures of GNP, i.e. about 13% in recent years. The Mission had, however, a confused impression of the rate of development in the various sectors. Some key sectors, especially agriculture, appeared to be lagging and in a number of directions plans were far from developed. Part of the rapid rate of overall growth could be explained by activities not foreseen by the previous Mission, e.g. tea.

Development programme

Mr. Goodman described the 'economic set up' in the Territory as 'extremely weak'. His team had an impression of a lack of enthusiasm and experience in economic fields within the Administration but there were some good people in some of the economic areas. There seemed to be little central thinking on relationships between the various sectors and the impact of particular sectors on other sectors. The 1964 Report had been regarded wrongly as a development plan. The previous Mission only suggested the broad lines of a detailed development programme that should be drawn up. If the present rate of overall growth continued without an integrated development programme misinvestments could result.

Mr. Goodman said that there appeared to be little or no thinking in the Administration about the role of private investment in the Territory's development programme. Thinking and planning was limited almost exclusively to public investment in uncorrelated programmes. A major task ahead was to bring private investment into the development picture. It was important to know where growth was going to come from, i.e. from what sectors and whether from public sector or private enterprise. With the exception of forestry and tea and possibly some other activities, the Administration appeared to have little idea of what it expected the private sector to do and the private sector seemed to have little knowledge of what public investments were being planned.

Mr. Warwick Smith said the overall growth consisted of three major elements:

- (i) extension of the cash economy, namely, transition from subsistence to monetary activities;
- (ii) expansion of public expenditure (not necessarily in economic fields) and;
- (iii) real economic growth.

¹ In 1966, the Government asked the World Bank to consider a program of lending for the Territory after which the Bank visited PNG in March 1967 with the task of 'updating the Bank's information on the economy and identifying possible projects for Bank or [International Development Agency (IDA)] financing'. The IBRD officials were R.J. Goodman (chief of mission), G.H. Reif and E. Lamers (economists) (IBRD report, 'Current economic position and prospects of the Territory of Papua and New Guinea', vol. 1, 9 August 1967, NAA: A1838, 846/2 part 3).

The statistical coverage of Territory development was far from complete and decisions had to be made on economic and budgetary matters without adequate data. Budgetary decisions could not be delayed until all desirable information was available.

Mr. Goodman thought that the statistical organisation was functioning well and he was impressed with the efficiency of the staff of the Statistical Bureau. The statistics on national income seemed to be quite satisfactory and the Mission was pleased to receive new data on national income by industrial origin (sector accounts) while in the Territory. He thought that the main deficiency was in the economic planning area and that we would not get a properly integrated programme with 'the present set up' in the Territory. There was a need for considerable strengthening in the general economic staff in the Administration. (He appeared to be referring to quality as well as numbers.) Aspects of the overall development program had not been developed simply because information had not been sought. The Territory did not need a sophisticated development programme such as those prepared in India and Pakistan but it was essential that the series of separate programmes now in existence should be welded into a co-ordinated whole.

Mr. Warwick Smith said that a lot of work was being done on a detailed operational development programme. It was hoped that it would be ready by October this year. The Department of Territories had been able to give limited help but this was spasmodic and desultory in relation to the total task. He asked Mr. Goodman what he thought were the major difficulties in the preparation of an integrated development program.

While stressing that the Mission had yet to clarify its thoughts and had not had time to digest all the information and points thrown at it in the Territory. Mr. Goodman said there appeared to be three main problems:

(i) organisational structure:

The economic planning organisation needed strengthening.

(ii) people:

It was necessary to have high calibre staff with the knowledge and capacity to put the various threads of a programme together. The Mission was impressed with the quality of people in individual sectors such as agriculture and transport and communications.

(iii) psychological problems:

Thinking in the Administration seemed to be dominated too much by the size of the annual Commonwealth grant. Many officers thought there was no point in detailed planning before the size of the grant was known. This tended to inhibit independent thinking in the Administration. People in the Territory could be given greater freedom to frame plans based on realistic assessments of needs.

Mr. Warwick Smith commented that the physical resources available and not finance were in practice the main limiting factors. Mr. Goodman said the Administrator considered manpower was the chief bottleneck. The Secretary thought that this view was based on political and local circumstances including opinions expressed by sections of the native population that expatriate recruitment should be limited.

Mr. Goodman said he could foresee a distinct 'hump' in investment required over the next few years. The main 'humps' would be in capital expenditure in the transport and communications sectors and in requirements for skilled expatriates. Mr. Goodman again

referred to the need for a co-ordinated overall development programme. It was vital for the preparation of an integrated transport investment programme.

Mr. Warwick Smith asked Mr. Goodman to give examples of areas which he thought co-ordinated planning was needed. Mr. Goodman said the most important field was transport. It was vital that the transport programme be properly integrated with the overall development programme. It was necessary to know what production was coming from different areas in the Territory and by what mode of transport and to translate the physical requirements into financial terms. The planning of the Harbours Board had to be carefully co-ordinated with road planning and the development of civil aviation had to be closely co-ordinated with programmes for road development (the airlift of cargo from the Highlands decreased by 50% last year due to improvements in the road between Lae and Goroka) and so on.

The Mission fully supported the proposed U.N.D.P. Transport Study. It would help to bring things up to a new level in the transport sector. The terms of reference should include not only a study of road, air and sea transport required but also the need for changes within the Public Works Department to strengthen its road organisation. The Secretary mentioned that discussions would be held shortly on the amalgamation of the two Works Departments in the Territory.

Mr. Goodman thought that the overall development plan might in the first instance be for three years only. It could cover the basic economic magnitudes, balance of payments and growth rates in the various sectors. The central planning unit in the Territory would need strengthening for a period of time (part of the 'hump' effect). Mr. Goodman said there appeared to be a need for some 'regional development' officers who could assist the central planning unit in dovetailing plans for major regions of common interest and watching over local developments. The Highlands could be one region.

Mr. Reif expressed the view that the overall programme should include an export promotion programme covering agricultural and forestry and other productive sectors and also an import substitution programme. He also mentioned that departments to suit their own purposes had adopted quite different regional groupings and boundaries. There seemed to be a need to frame the programme in such a way as to avoid overlapping regions.

*[matter omitted]*²

[NAA: A1838, 936/28/1/1]

2 Matter omitted includes discussion of possible projects for IBRD or IDA financing—telecommunications, power, agriculture and livestock, and transport.

The World Bank mission report, 1967

The 1967 World Bank mission to PNG¹ completed its report in August. Excerpts from its 'summary and conclusions' read:

The economy of the Territory still includes a large subsistence sector which supplies the majority of the indigenous population with all the basic necessities of life. The small but fast growing monetized economy is based predominantly on government operations, export-oriented agriculture and services. It is virtually run by expatriates and heavily dependent on Australia.

... The average per capita income of the indigenes is estimated at roughly US\$100, including the income derived from the subsistence economy. The average income of the 35,000 expatriates is about US\$4,000, as high salaries, extensive fringe benefits and low taxes are offered to attract skilled manpower from Australia and elsewhere.

.. GNP in the monetized sector has been increasing by almost 13% annually since FY 1960/61 ... as a result of expanded government expenditures and a significant rise in exports. But the base is small and some of the growth reflects the steady incursion of the monetized sector into the subsistence economy. Prices have in general been stable.

... Government operations have long played a very important part in the economy of the Territory. Public Sector investment has been the major element in domestic capital formation.

... Nearly all economic development in the Territory depends on large scale Australian assistance. Since World War II Australia has made commendable efforts in promoting the economic advancement of the country and achieved remarkable progress. This year Australian non-military assistance to the Territory, having increased by 15% a year during the past decade, will amount to \$A82 million or US\$43 per head of the indigenous population; this is among the highest rates of assistance received by developing countries.

... Public saving is negative, and the Territory's current revenues covered only 50% of current expenditures in FY 1966/67. Tax revenues amount to 11% of GNP in the monetized sector and only 6% of total GNP. At present, 60% of the Territory's total budget has to be financed by Australia.

... Despite significant improvements in export performance, the Territory's import gap is considerable, with export earnings covering only 46% of imports in FY 1965/66, the gap being financed by Australia. The deficit presents a difficult long-term problem for the Territory as any sizeable reduction of imports would necessarily result in slowing down economic development. Administration policy—having given priority to export promotion for primary produce in the past—will now have to put greater emphasis on import substitution.

... The balance of payments data, although incomplete as a result of the close monetary integration of the Territory with Australia, indicate some net capital outflow during FY's. 1961/62–1964/65, due to the crisis of confidence caused by the Indonesian take-over of West Irian. Since then there is believed to have been a net inflow. The Territory House of Assembly, which has a majority of indigenous elected members, formally recognized the dependence of the Territory on the inflow of private capital by passing a Development Capital Guarantee Declaration in September 1966. So far the Territory has no public external debt; all Australian assistance has been in grant form.

... The [1964 World Bank] report was in general accepted by the Australian Government as a policy guideline, although in some instances the Mission's recommendations have not been followed. Accomplishments include the establishment of the Papua and New Guinea Development Bank, a shift in emphasis in Government spending from social services

¹ See Document 99.

to expenditures related to infrastructure and education, and measures to improve the manpower situation.

... However, little has been done to coordinate the various sector programs and to integrate them in an overall development program. The present mission recommended that the Administration seek the advice of a consultant for formulating a development program, and this has now been done.

... The mission feels that the policy for the agricultural sector needs particular attention, including a reorganization of the Department, better personnel policy, less emphasis on costly land settlement schemes, and stimulation of expatriate investment in certain fields
...

... Transport conditions are extremely difficult and facilities most inadequate in the Territory. Substantial improvement is indispensable for any further economic development. Following the recommendation of the Bank Survey Mission, a transport coordinator has been appointed. In order to ascertain the present and future transport needs and to prepare a longer term transport development program, the Administration has now approached the U.N.D.P. for a grant to finance an overall transport survey ...

... The present telecommunications system is not able to provide the services required by the rapidly growing market economy. The Administration has, therefore, prepared an ambitious five-year program for the expansion of local and long-distance telecommunication facilities. The Bank is assisting the Administration in preparing a project limited to essential services for possible financing.

... Creditworthiness—The Territory of Papua and New Guinea as a separate political entity moving towards political independence qualifies for IDA assistance on grounds of low per capita income and its unfavorable balance of payments situation and prospects. The performance of the Administration has in general been satisfactory despite some deficiencies and is improving along the lines recommended by both Bank missions. Although Australia will continue to bear the main burden of financial and technical assistance to the Territory, IDA credits, even in small amounts, would be of great value for the Territory's development. In addition, the Bank Group could also play a modest role as a source of advice for Australia and the local Administration in their development efforts.²

² IBRD report, 'Current economic position and prospects of the Territory of Papua and New Guinea', vol. 1, 9 August 1967, NAA: A1838, 846/2 part 3.

100 SUBMISSION NO. 187, BARNES TO CABINET

Canberra, 29 March 1967

CONFIDENTIAL

Territory of Papua and New Guinea: proposed agreement on Mining Copper on Bougainville Island

The attached submission¹ seeks specific policy directions regarding some aspects of the proposed agreement between the Papua and New Guinea Administration and a subsidiary of C.R.A. Limited for a very large scale copper mining operation on Bougainville Island in New Guinea involving an investment of the same order of magnitude as for the Hamersley and Mt. Newman iron ore projects—at present a capital investment of the order of \$135m. is envisaged.

Benefits for the Territory

2. The venture would raise the level of Territory economic activity particularly in the private enterprise area to an entirely new level. On Bougainville it would provide roads, power and a new port for general use; and employment and training facilities for substantial numbers of indigenes (800 to begin with). For the Territory as a whole it would add about \$10m. per annum to revenue when fully tax paying and would produce export earnings of about \$50m. per annum gross. There would be opportunity for a Territory holding of 20% of the equity capital at par (i.e. 20% of say \$45m).

Proposed tax concessions to the Company

3. In the light of the prospective benefits, tax concessions are envisaged to facilitate the borrowing of the large loan capital (say \$90m.) against the uncertain political future of the Territory. These are a three year tax holiday and broadened capital deductions for tax purposes (paras. 19/23). *The Treasury view* is that the proposed tax holiday and additional capital tax deductions are too liberal and would lead to renewed pressures for comparable concessions in Australia (para. 20). The Department of Territories considers the concessions are justified in the Papua and New Guinea context which has no or negligible relationship with the Australian investment scene (paras. 21/23). C.R.A. have repeatedly emphasised in negotiations that these concessions are essential to the financing of the project and without them they would have to reconsider their position.

4. A 50:50 sharing of 'adjusted taxable income' is proposed along with some commitments by the Administration limiting the maximum future tax liability of the company (paras. 12/18 and 24).

Territory participation

5. C.R.A. regard Territory equity participation as essential to their borrowing programme; the Territory Administration regards such participation as essential for acceptance of the proposed agreement by the Territory House of Assembly. It is proposed that when the agreement is before the House the Administration be authorised to foreshadow (subject to the company's decision to go ahead and subject to the Government being satisfied that the venture is sound and offers reasonable prospects of profitable operation) that the

¹ Submission no. 36, Barnes to Cabinet, 29 March 1967. See NAA: A4940, C4491.

Government will ensure that the 20% option is taken up on behalf of or by the people of the Territory (paras. 26/31).

General

6. In my view the success of this project would provide a tremendous impetus to the economic development of the Territory whereas a decision by C.R.A. *not* to proceed would in all probability severely deter other potential investors.

7. It is proposed that some requests by C.R.A. be rejected—a request for an assurance of availability of foreign exchange (para. 35); a government guarantee against expropriation (para. 38); and some points affecting the definition of the future tax ceiling (paras. 17/18 and 25).

Balance of agreement

8. A summary of the balancing factors in the proposed agreement is given in paragraph 40.

Conclusion

9. The recommendations set out in paragraph 41 therefore represent the rejection of some of C.R.A.'s requests and acceptance of the following propositions—

- (a) that the project is of such importance that the proposed agreement (and associated special mineral leases) should be ratified by ordinance by the Territory House of Assembly, and its terms in relation to duration and royalty payments should give assurance of stability;
- (b) that the project is of such importance to the Territory that to assist the raising, in the light of the Territory's uncertain political future, of the necessary funds C.R.A.'s requests for tax concessions should be met in substantial part;
- (c) that as part of the total taxation arrangements there should be a 50/50 sharing under which the company when fully tax paying will pay half of its 'adjusted taxable income' as tax—the present income tax rate is one fifth; the company to be assured however against an increase beyond 50 per cent in its tax liability at least during the first 25 years of operation;
- (d) that to facilitate the acceptance of the proposed agreement in the Territory and to provide some political insurance for the company's capital raisings, the Government, subject to the soundness of the project, should commit itself to substantial Territory equity participation;
- (e) that appropriate commitments be undertaken by the company directed towards maximum processing and towards the employment and training of indigenes.

101 MEMORANDUM, ADMINISTRATION (HAY) TO DOT

Port Moresby, 1 April 1967

Select Committee on Constitutional Development

The Select Committee on Constitutional Development has finished taking evidence and will meet on 12th April to begin consideration of a report to present to the House of Assembly in June. This report will contain the final recommendations of the Committee for constitutional advance for the 1968 House of Assembly.

I attach some observations and prognostications made by the Assistant Administrator (Services)¹ for your information.

Attachment

I previously summarised expressions of opinion made to a portion of the Committee in a number of districts.² My impression of evidence given elsewhere is that attitudes in general throughout the country are rather similar to those previously outlined except that, as might be expected, Port Moresby evidence tended to suggest greater constitutional change than elsewhere.

It is difficult to forecast the trend of discussion in the Select Committee when evidence is considered and the views expressed below are purely personal ones and may well be incorrect.

The general impression I have is that feeling is conservative and that there will be no strongly supported suggestion for a large movement towards self-government. The only member of the Select Committee who would favour a rapid advance is Mr. Guise, the Chairman, who may feel that the Port Moresby evidence and the publicity attached to it is a mandate to members for significant change.

Even the most conservative opinion expressed the view that there should be some constitutional advance. In most parts of the Territory the present powers and functions of the Administrator's Council and of Under-Secretaries were not well known. There was a feeling that if we were able to go so far in 1964 then by 1968 we should be able to take another step or two.

The most likely practicable recommendations to emerge from discussions of the Committee appear to be as follows:—

Under-Secretaries

These should be selected by the House. We may be able to get agreement to a scheme whereby the Administrator selects from a panel nominated by the House or else the Administrator selects in consultation with a House Committee.

Secretaries

There will need to be some appointments of men with quasi-ministerial powers. I should think that four or five might be expected. These will have to have well defined powers and functions. I think we could get agreement to some sharing of policy initiative and decision

¹ L.W. Johnson.

² See Document 96.

making between the Director and the parliamentary Secretary. The term 'secretary' will not be favoured and, indeed, three of the present Permanent Departmental Heads are called Secretaries. The term 'minister' will be strongly favoured and I believe should be conceded even though it may convey incorrect impressions to the outside world. There will be support for the resolution of deadlocks between Director and Minister by the Administrator's Council. I do not know what will emerge as a proposal for the selection of Secretary/Ministers. I hope that we might get a House panel from which the Administrator can select both Secretaries and Under-Secretaries.

Administrator's Council

There will be pressure for obligatory consultation with the Council on matters of policy and some decision making in the Council. I cannot guess how selection for the Council will be modified, if at all. If we are to develop a Cabinet system it seems logical for Secretaries and Under-Secretaries to form the membership of the Council. The Committee may propose this but the House may not be entirely pleased about confining power and influence to such a small group of members. There may be a proposal to enlarge the Council. I think a maximum of 14 members can be expected and on the evidence this could lead to an additional Official member.

I cannot guess as to whether any new ideas will come from the Committee itself. It may be that Mr. Guise will have some original proposals or that Messrs. Downs or Stuntz might advocate a parliamentary committee system to supplement Secretaries and Under-Secretaries.³

[NAA: A452, 1966/2960]

3 Johnson's paper was summarised in a submission from Ballard to Barnes, 6 April 1967, NAA: A452, 1966/2960. Discussions were held on 11 April between Barnes, Hay and Warwick Smith: 'The Administrator forecast that the Select Committee report may not be too difficult for the Government. [The] Only difficulty that may emerge would be that the House elect the parliamentary secretaries. He felt that this may be better than an appointment system despite the risks. The Minister said he had some doubts about the elective system under the circumstances. It might be best to have a panel of candidates from which to choose. The Administrator saw as one of the advantages of the elective system that the House would be responsible for those elected. [The] Secretary said there would be problems if expatriates were elected, particularly if an expatriate was the best material politically and actively. Ways should be sought of keeping them out. The Secretary suggested that the matter be left on the basis that [the] Administrator would submit a formal proposal. The Administrator agreed but he said he would like to leave behind him the thought that there should be flexibility for whatever system was adopted' (note of discussions, NAA: A452, 1967/2526).

102 SUBMISSION, PLIMSOLL TO GORTON¹

Canberra, 3 April 1967

CONFIDENTIAL

**United Nations Committee of Twenty-Four on Decolonisation:
visiting mission to Australian territories**

The Chairman of Sub-Committee II (Pacific Territories) of the Committee of Twenty-Four is consulting the representatives of countries administering territories in the Pacific to see if they are now prepared to receive visits from the Committee of Twenty-Four to the Territories for which they are responsible. This submission seeks your direction on the form of the Australian reply.

2. In 1966 the Sub-Committee authorised its Chairman to make a similar approach. The Minister for External Affairs and the Minister for Territories discussed this matter at that time and

‘were of one mind in trying to avoid a visit to Papua and New Guinea by the U.N. Committee of Twenty-Four, and we also agreed that it would not serve our purpose to declare bluntly our outright opposition to a visit but that we should use every means at our disposal either to prevent such a visit or to delay it as long as possible’.

Ministerial Note of 2nd June, 1966.

3. The Australian representative made the following reply to the Sub-Committee—

‘My delegation agrees that in certain circumstances visiting missions can be of value. We are doubtful, however, whether this applies to Committee of Twenty-Four visiting missions to Australian Territories which have been the subject of intense scrutiny by the United Nations over a period of a good many years so that the United Nations has become very familiar with all aspects of development there. A part of this scrutiny has, of course, been by visiting missions from the Trusteeship Council with all of whom we have enjoyed cordial and, we believe, mutually beneficial relations. Nevertheless, the attitude of my Government is conditioned in important part by the fact that, just as an administering authority has responsibilities in the Territories for which it is responsible, so also it has rights—and among these is the right to accept or not to accept a visiting mission.

My Government can give no agreement in vacuo to accept a mission and would have to consider at any time in relation to any specific request such factors as the appropriateness of any particular time proposed, the convenience of the Australian Government, the convenience of the Territory administration and the composition of any Mission that might be proposed. These considerations, at any given time, would no doubt be conditioned also by particular views which my Government might have in relation, for example, to United Nations finances involved in any particular proposals and whether duplication and/or overlapping of United Nations effort was involved.

My Government cannot therefore at this stage give any commitment that it will be able to respond to a request to receive a visiting mission, but my Delegation would, of course be prepared to transmit to its Government any specific request that might be put forward by the Committee or Sub-Committee at any particular time’.

1 Acting Minister for External Affairs.

4. The other Governments administering Territories in the Pacific made the following replies:—

The British representative said that the despatch of visiting missions to the Territories administered by the United Kingdom raised difficult questions of principle and he could not encourage the Sub-Committee to expect that his Government's existing position would change. His Delegation was, however, prepared to transmit to the United Kingdom Government any particular request concerning the sending of such a mission to a specific Territory, although this could not be regarded as implying any commitment that such a request would be accepted.

The United States Representative said that, if the Sub-Committee proposed a visiting mission to Guam and American Samoa in 1966, the United States Government would probably not think that the situation warranted such a journey; the Territories administered by the United States were advancing rapidly towards self-government and should not present a pressing priority for the Special Committee in arranging its crowded work agenda for the year.

The New Zealand Permanent Representative to the United Nations informed the Sub-Committee that his Government had no objection to such a mission, although it considered that any visit by a United Nations mission to the Tokelau Islands and Niue should be undertaken only as a part of a more comprehensive tour of the area.

France did not reply.

5. As this matter will be raised at the quadripartite talks to be held in Washington from the 5th to 7th April between representatives from Britain, the United States, New Zealand and Australia, we had considered delaying our reply until after the conclusion of the talks. Britain and the United States also considered delaying their replies, but now think that the delay cannot be justified. Moreover, New Zealand has already written to the Sub-Committee (on 23rd March, 1967) repeating its reply of 1966. The United States and Britain intend to reply in the next few days in the same terms as they did, respectively, in 1966, although the United States reply may be strengthened to dispel a misconception that it would be prepared to accept visiting missions.

6. The Australian paper on 'Australian Pacific Territories: United Nations Aspects', to be discussed at the Quadrapartite Talks includes, inter alia, an outline of our present attitude towards visiting missions from the Committee of Twenty-Four.

'It is Australia's view that it would be beneficial if a consistent policy were adopted by the administering powers in the South Pacific region towards the question of visiting missions. All have an interest in preventing the exacerbation of political difficulties or communal friction which such visits might cause. It would be easier for one administering power to refuse to accept such visits if the others did likewise; or if some visits were accepted it might be possible to ensure that they took place on terms which would help to ensure that their capacity for mischief was limited. A co-ordinated approach would strengthen the ability of all to resist pressure from communist and other extremist members of the Committee of Twenty-Four. This approach should be firmly based on the avoidance, in present circumstances, of any visit by a mission from the Committee of Twenty-Four'.

7. The Australian Mission to the United Nations, New York has recommended that the following reply be given.

‘The Australian Government believes, that in certain circumstances, visiting missions can be of value.

The Australian administration of Papua/New Guinea and Nauru is already the subject of detailed and regular examination by the Trusteeship Council and the General Assembly. Visiting missions from the Trusteeship Council make an extensive visit to the Territories every three years. In accordance with this practice a Trusteeship Council mission will visit the Australian Territories early next year. In addition to the information available in the records and findings of the Trusteeship Council and its visiting missions the Australian Government provides supplementary information on the Territories for which it is responsible in accordance with its charter obligations. In these circumstances, the Australian Government believes that a visit to the Australian Territories by the Committee of Twenty-Four would not be warranted’.

8. The Department of Territories has made strong representations with a view to having the first sentence (‘The Australian Government believes, that in certain circumstances, visiting missions can be of value’) omitted. We would see no objection to deleting this sentence, particularly in view of the hardening attitude of Britain and the United States towards visiting missions to the Pacific Territories.

9. *It is recommended* that the Australian representative on the committee of Twenty-Four be authorised to reply to the Chairman of Sub-Committee II in the terms proposed in paragraph 7 above but with the deletion of the first sentence.²

[NAA: A1838, 909/8/2 part 3]

103 CABLEGRAM, WASHINGTON TO DEA

7 April 1967

1374. SECRET

South Pacific consultations

... Informal and exploratory discussions on the Pacific Island Territories took place in Washington on 5, 6, and 7 April between Australian, British, New Zealand and United States officials. Highlights of the discussions are set forth in the following paragraphs.

1. *Importance and political future*

A general aim should be to encourage political evolution in such a way as to maintain the stability of the area and to prevent the entry of influences injurious to the interests of the indigenous peoples of the administering powers.

To this end the maintenance of a continuing close association, whether by constitutional provision or by agreement, with a metropolitan power, should be an objective in the political development of each territory. Since it is the reality of association rather than the form which is significant, retention of goodwill of the people of the territory concerned is of first importance. Where possible an ultimate status combining full self-government and constitutional association with a metropolitan power is to be preferred.

² Gorton endorsed the recommendation on 3 April.

Some parts of the area, e.g., certain United States territories and Papua and New Guinea, are regarded by their respective metropolitan powers as of greater strategic importance than others. Nevertheless, it was agreed that the area as a whole is strategically important. Although there is no current external threat, it is desirable to ensure that security is maintained and so far as possible to avoid the fragmentation of the area into a series of unattached and non-viable communities.

2. *United Nations aspects*

(A) TRUSTEESHIP COUNCIL

It was felt that it would be in the interest of the four governments to maintain the Trusteeship Council as a principal organ of the United Nations. When the Nauru trusteeship agreement is terminated, it should if need arises be argued that the Council can and should continue to function notwithstanding the impossibility of maintaining parity between the administering and non-administering members.

(B) VISITING MISSIONS

It was generally recognized that visiting missions from the Committee of 24 to certain Pacific territories would involve unacceptable risks and in such cases the administering power concerned should be supported in resisting such visits. Australian, British, and United States representatives saw advantage in present circumstances in resisting visiting missions from the Committee of 24 to Pacific territories generally.

[*matter omitted*]

(D) THE COMMITTEE OF 24

It was recognized that the question of continuing members {hip} of and cooperation with the Committee of 24 needed continuing reassessment between the four powers, bearing in mind the desirability of acting in concert.

[*matter omitted*]

(G) GENERAL

It was considered that in settling their position on U.N. draft resolutions concerned with the Pacific territories there should be consultations among the four powers, bearing in mind the desirability of their acting and voting in concert whenever possible.

3. *Development and the role of the South Pacific Commission*¹

The need to maintain an active policy of social and economic progress throughout the Pacific area was recognized.

The South Pacific Commission continued to make a valuable contribution, especially in encouraging participation in regional affairs by the indigenous peoples ...

[*matter omitted*]

It was recognized that it would be desirable for the work program of the South Pacific Commission to be strengthened and expanded.

1 The South Pacific Commission (SPC) was formed in 1947 by colonial powers for the purpose of cooperation in social and economic fields. The original members of the Commission were Australia, Britain, New Zealand, the Netherlands and France. Indigenous participation was encouraged from 1950 with the establishment of the South Pacific Conference. It provided Islander representatives with the opportunity to discuss and to make recommendations on matters within the jurisdiction of the SPC.

4. Japanese relationship with the Pacific Islands area

It was generally recognized that current Japanese interests in the Pacific Islands area are economic rather than political or strategic ... Interest was expressed in the possibility that Japan would cooperate in the development of the islands through the provision of funds or technical assistance and through trade.

5. Arrangements for future consultation

It was agreed that the four governments should, through their representatives in Canberra, and through other means, keep each other informed on a confidential basis of policies and developments in each of their territories, and that other four-power meetings should from time to time be arranged as occasion requires.

It was agreed that the government of France, which also has territorial responsibilities in the South Pacific area, should at the earliest convenient opportunity be invited to take part in a discussion with the four governments of matters affecting the future of the area.

[NAA: A452, 1967/3676]

104 SUBMISSION, JOCKEL TO HASLUCK

Canberra, 10 April 1967

CONFIDENTIAL

Territory of Papua/New Guinea—agreement on mining of copper on Bougainville Island

The Minister for Territories has placed a submission before Cabinet seeking policy directions regarding the major provisions of a proposed agreement between the Papua and New Guinea Administration and a subsidiary of Conzinc Riotinto of Australia for a large-scale copper mining operation on Bougainville Island.¹

2. The project is said to be among the largest ever mounted by a private company in an under-developed country and the copper deposits concerned are the only known large mineral deposits of the Territory of Papua and New Guinea.

3. Discussions have taken place between this Department and the Department of Territories on foreign policy issues raised by the Submission. The attached note summarises these discussions and may be of useful background to you.

Attachment

EXTERNAL AFFAIRS NOTE ON THE DRAFT AGREEMENT ON MINING OF COPPER ON BOUGAINVILLE ISLAND

Discussions with the Department of Territories have turned on two main foreign policy aspects.

¹ Document 100.

- (a) The agreement runs for 84 years and it is most unlikely that during its lifetime the Territory will not attain self-government and perhaps independence. If experience of the working of the agreement shows that from the point of view of the people of New Guinea it has not been a fair agreement, the dissatisfaction created could impose strains on relations between a self-governing New Guinea and Australia. The Government of an independent New Guinea would no doubt seek to re-negotiate an unsatisfactory agreement, or, failing that, to abrogate it. Friction between an independent New Guinea and the company would have repercussions on relations between New Guinea and Australia. The financial stakes for New Guinea are likely to be very large.
- (b) The Trusteeship Council and other United Nations bodies concerned with colonial questions will concern themselves with such an important agreement. It will come officially to the Trusteeship Council's notice in the annual report of the Australian Government to the Council since the agreement with the company is to be embodied in legislation for approval by the House of Assembly. We need to be able to demonstrate that the agreement protects to the maximum extent possible the long and short term interests of the people of the Territory.
2. With respect to (a) above, it is obviously desirable, if practicable, that before concluding any agreement with the company, a realistic appraisal should be made of the potential benefits that the company is likely to gain under the projected agreement. Since the company is being treated as a special case, that is to say it is being given concessions that do not at present apply to other companies, it is important that the company should not reap an excessive return as a direct result of those special concessions. The extent to which the agreement is judged satisfactory in the Territory is going to depend in the long-run on the extent to which the revenues of the Territory benefit as compared with the return to the company. In short, an appraisal of the fairness of the terms of the agreement depends very much on an appraisal of the profitability of the scheme.
3. This question was taken up with the Department of Territories which replied as follows: 'At this stage of the Bougainville project it has been difficult to make assessments about future costs, prices and profitability. A great deal will depend upon the results of further exploration, involved costing techniques and movements in copper prices. Nevertheless, it has been necessary to move reasonably quickly towards a formal agreement on mining of the deposits because of the unusually high exploration costs. C.R.A. Explorations Pty. Ltd. have been spending at the rate of \$200,000 per month and have spent over \$4m. so far. The company's Chairman, Sir Maurice Mawby, has expressed his concern to the Minister for Territories at its rising expenditures without assurances about future rights and conditions of mining the deposits. It is now over a year since negotiations for an agreement began.
- Whilst the lack of more accurate information on which to base future estimates of profits and revenue is a handicap (to both sides) in the negotiations it is felt that the proposed agreement adequately protects the Territory's future interests. It is not easy to make comparisons between agreements made by different countries because the balance of advantage in each one takes in a number of factors pertinent to the needs and conditions of the host country. This said, however, it is our belief that, in the circumstances of Papua and New Guinea, the proposed agreement on Bougainville copper gives the Territory a better deal than would the terms of other agreements on which we have information.'
4. During discussions between representatives of this Department and of the Department of Territories, it emerged that the company could expect to repay the money it intends to

borrow for the project (two-thirds of the sum to be invested) in eight to nine years, or in a shorter period if the price of copper remains at the present high level.

5. With respect to (b), that is to say, the likely reaction to the agreement in United Nations bodies, a comparison will probably be made of the terms of the agreement and similar agreements with other developing countries and within Australia itself.

6. The agreement is to run for 84 years, but it is not subject to effective re-negotiation until after 42 years. It may be argued in the United Nations that conclusion of such an important agreement should either wait upon the attainment of self-government by the Territory, or, failing that, should specifically provide for re-negotiation if and when New Guinea becomes independent.

7. The Department of Territories has made the following comments on this point:

‘Other agreements entered into by developing countries which have been examined include agreements by Jamaica, Surinam and Sierra Leone for mining bauxite. The Surinam agreement is for 75 years and provides for a maximum rate of income tax of 35% for 30 years and of 40% thereafter together with limitations on increases of other forms of taxation. The Jamaica agreement provides for a maximum rate of income tax of 45%. The Sierra Leone agreement provides for a maximum rate of income tax of 50% and also gives a 5 year tax holiday. Each of these agreements provides that the general rate of taxation will be paid. By comparison under the agreement on Bougainville copper the ceiling of 50% would become the actual rate of taxation paid by the company within 4 years of first becoming liable for income tax irrespective of the generally applicable rates of taxation in the Territory.’

8. The principal tax concessions granted to the company are a three year tax holiday and broadened provisions for capital deductions for tax purposes. Similar concessions are not given in Australia for mining but the Department of Territories has argued that the situation in the Territory is different from the situation in Australia and that in the long term the risks facing a particular private company in investing in Australia and in the Territory are not comparable. The Treasury does not support the tax holiday and broadened provisions for capital deductions because of precedents that would be created for Australia. This view does not take account of the fact that a ‘package’ is involved and that the company is also making concessions, for example in agreeing to a 50–50 division of taxable profits with the Territory.

9. Paragraph 26 of the Submission states that ‘in the present political state of the Territory, it is regarded as indispensable that a project of this size should provide for a significant level of local participation in the company’s equity capital’, and the view is expressed that without some such provision, it is improbable that an agreement could pass through the House of Assembly. Accordingly, the agreement will provide an option of 20% of the company’s equity capital at par for Territory participation. United Nations attention is also likely to be directed to this point and it is, therefore, fortunate that the agreement makes provision for equity participation by the Territory. (As well, the capital gains to be made by the Territory could offset loss to revenue of concessions made in early stages of project.)

10. International attention is also likely to be given to those provisions of the agreement dealing with processing of ore in the Territory. Paragraph 33 of the Submission points out that the company has strongly resisted a firm commitment to construct a smelter and in the circumstances the Minister for Territories is recommending that if, after eight years, the Administration disagrees with a decision by the company not to erect a smelter, the matter will go to arbitration. These provisions may well be regarded as being insufficiently restrictive on the company.

11. The agreement is to contain provisions for the training and employment of the indigenous people. In the Cabinet Submission, however, this is treated as a minor provision of the agreement. As presently contemplated, the agreement would provide: 'The Company shall, so far as is reasonably and economically practicable, use and train in new skills labour available within the Territory.' We consider that when the agreement is scrutinised in the United Nations, considerable attention will be given to this point, and it will be one of continuing concern. We therefore believe that the Administration should insist on the company's making a positive and early effort to train sufficient indigenes to make this as much as possible a Papuan operated enterprise at staff as well as other levels. Clearly this could not be done overnight but the agreement should be seen to put pressure on the company to bring about such a situation as early as possible.²

[NAA: A1838, 846/1 part 1]

105 NOTE BY PROWSE¹ ON SUBMISSION NO. 36² AND 187³

Canberra, 17 April 1967

CONFIDENTIAL

Proposed agreement on mining of Copper on Bougainville Island

The Submissions follow on lengthy negotiations between the Department of Territories, the Territory Administration and C.R.A. Limited, and in the later stages Treasury.

The proposed Bougainville project could be of tremendous importance to the Territory and if proceeded with in the form presently envisaged would involve a capital investment of some \$135 million dollars. The Company is, of course, aware of the project's significance to the Territory and is attempting to drive a hard bargain.

The central issue is the extent to which concessions need to be made to C.R.A. Limited in order to ensure that the Company will carry out the development of the copper deposits on Bougainville.

2 On 11 April, DEA rang Territories 'to advise that there had been some change in their attitude on the Bougainville submission following the discussions [the two departments] had last Friday ... they had arrived at no definite conclusions but this didn't mean that they had a negative attitude towards the project ... the proposed package deal with C.R.A. was probably reasonable but that they found it hard to assess. The package presented raised some practical problems and External Affairs considered it vital for presentational purposes overseas that something much more positive than at present contemplated on the training and employment of indigenes be included in the agreement. There should be an obligation on the company to employ local people and not just a best endeavours sort of provision which the company could by-pass if the use of local labour interfered with its commercial interests ... on reflection and in the light of our discussions last week External Affairs do not really agree with Treasury about the tax holiday and accelerated depreciation—they thought our point was valid but the cost of these concessions would be borne by Australia rather than by a future self-governing New Guinea and that in view of this any criticism in the U.N. or elsewhere could be fairly readily answered ... External Affairs were drawing their Minister's attention to the long term dangers of a detailed agreement but not in a way which was likely to cause any reaction in Cabinet. Summing up [DEA] thought the attitude they were expressing to their Minister was more favourable than unfavourable to our submission' (note for file by Ahrens, 12 April 1967, A452, 1967/1333).

1 Initials and position unidentified, PMD. The note was endorsed by Munro.

2 Document 86.

3 Document 100.

From the Company's point of view, the problem is that the Bougainville deposits are very low grade. In the context of existing tax provisions, the deposits have been described as marginal by the Commonwealth Bureau of Mineral Resources. To work them under existing tax provisions may, in fact, be uneconomic. It is a matter of judgment, then, as to how far it is necessary to go in granting concessions in order to make a presently marginal proposition a viable development.

The project would provide considerable employment for indigenes and there would be an early boost to revenue through individual income tax, tariffs on increased imports and so on. There would also be longer-term benefits to the Territory through taxation of Company income, through the Company's proposal to allocate a 20 per cent share of the equity to Territory interests and from the Company's training of indigenous labour. But *the core of the matter* is the suggestion that the Company should be given a three-year tax holiday and the right to write-off all capital expenditure in the early years of operation.

A three-year 'tax holiday' for mineral development projects is not uncommon in other countries, including under-developed countries. One important advantage which the Company sees in it and the broadened provisions for capital write-off, is the possibility it would create for increased early cash flows, which in turn are seen as being of great assistance in raising the large amount of non-equity capital. A large early cash flow would also, of course, permit the early repayment of loans and hence raise profitability to equity holders.

The extent of the cash flow likely to arise if the tax and capital write-off concessions are agreed to may be gauged from an estimate that the 'tax holiday' would retain for the Company, in the first three years, an amount of some \$9 million which would otherwise be paid in taxation. The capital 'write-off' concessions are estimated to provide the company with a further taxation saving, and hence cash resources, of some \$6 million in the first three years.

As we see the proposition, there will be a \$45 million equity investment in a development which will require capital of \$135 million—\$90 million will be borrowed. The Company expects, if the major concessions are agreed to, to have written-off capital expenditure and repaid its borrowings after about eight years. It would then have a business worth \$135 million for an equity investment of \$45 million. On our calculations, based on the Company's information, this represents a *capital gain* of between 14–15 per cent per annum over the period, on the Company's own figuring. Higher prices for copper or lower costs would, of course, result in a higher rate of capital gain.

As a quid pro quo for the benefits sought, the Company has offered to pay higher than existing tax rates, and offers to pay tax at a rate, rising, in stages over four years from the time the Company commences to pay tax, to a ceiling of 50 per cent of adjusted taxable income. However, it is also proposed by the company that the rate of 50 per cent would not be exceeded during the first 25 years of operation, irrespective of movements in general Territory tax rates. After that period it is proposed the rate would rise by ½ per cent for each 1 per cent by which the general company rate exceeded 40 per cent. The Company's figuring indicates that once the full 50 per cent rate becomes applicable the total contribution to revenue will be about \$10 million per year.

At present, a five-year tax holiday is available to manufacturing industries in the Territory which have been accorded *pioneer status*, but this has not been extended to mining companies because it has been felt that the existing taxation legislation is already

sufficiently generous to them. There is, of course, no similar provision available in Australia. Moreover, the proposed allowance of write-off of all capital expenditure is a much more generous provision than is enjoyed by mining companies at present, either in the Territory or in Australia. This subject is, however, presently being examined by an inter-departmental committee in relation to companies in Australia.

Treasury suggest that the concessions sought are too liberal and that should they be granted to the Company in this case, it would be difficult to resist pressure for similar concessions in Australia, and even more difficult to resist their extension to other companies in the Territory. The Department of Territories thinks that the Territory is sufficiently isolated from Australia to overcome this particular aspect of the problem and we are inclined to accept their view on this aspect. Furthermore, argument for the introduction of similar concessions in Australia could be countered by reference to the total tax situation here, which is already quite favourable to mining companies.

We suggest that potential capital gains of the order indicated above justify pressing for a review of the 50 per cent tax ceiling much earlier than 25 years, or alternatively for a faster escalation of the permissible tax rates after the first 25 years. Further, we think that there is a case for deferring a decision on the Company's depreciation proposal. Given the major concessions sought by the Company the project looks potentially very profitable and we think there may be scope for paring down the Company's position on the depreciation aspect.

Concern has been expressed by the Department of External Affairs that development of the deposits on the terms recommended by the Minister will attract international criticism as involving exploitation of the Territory when it is not self-governing. But, on the other hand, should the project fail to proceed as a result of Commonwealth policy, this could also lead to criticism both locally in the Territory and internationally. We suggest that fear of possible local or international criticism ought not to be a decisive factor in considering the proposed agreement.

It might, however, be useful in refuting possible criticism if the agreement were more definite in requiring the Company to train and subsequently employ indigenous people. In any case, some more definite arrangements in this respect than those proposed by the Minister (paragraph 9(e) of Submission 187) are desirable on general grounds.

We suggest that approval should be given to continuing negotiations with C.R.A., on the following major terms:—

1. That the Company be granted a three-year tax holiday for the Bougainville project.
2. That a decision on the early write-off of all capital expenditure be deferred for the time being pending a report by the inter-departmental committee presently examining the Australian law.
3. That the 50 per cent tax rate be reviewed earlier than 25 years or the agreed rate of escalation be higher.
4. That the agreement provide firmer proposals for training and employment of indigenous people.

106 CABINET DECISION NO. 258

Canberra, 18 April 1967

CONFIDENTIAL

**Submission no. 187—Territory of Papua and New Guinea:
proposed Agreement on mining copper on Bougainville Island¹**

The Cabinet noted, and except as indicated below, endorsed the arrangements put forward in the submission for an agreement between the Papua and New Guinea Administration and a subsidiary of C.R.A. Limited for copper mining development at Bougainville Island. It noted that appropriate validating legislation in the form of an ordinance by the Papua and New Guinea Legislature will be necessary.

2. The arrangements, as approved, are as follows. It is to be noted that variations from the original recommendations appear in items (a) (v), (b) (ii) and (b) (vi).

(a) Mining and Processing

- (i) mining leases to be taken out by 31st December, 1971:
- (ii) mining leases to be initially for 42 years and then two further terms of 21 years on the same terms and conditions except for royalty and rent: ancillary leases to be granted as reasonably required:
- (iii) royalty to be fixed at 1¼ per cent of F.O.B.² value and rents at the rates prescribed:
- (iv) development to the stage of exporting copper concentrates to be completed within 5 years of the issue of a mining lease at a cost of not less than \$25.³ (Including costs of exploration, etc.):
- (v) no undertakings are to be required of the company in relation to further processing, but it is nevertheless to be an understanding with the company that it will pursue objectively a feasibility study into the establishment of smelting and refining:⁴

(b) Taxation

- (i) a three year tax holiday:
- (ii) provisions as to write-off of capital expenditure should be such as to accord with the present interpretation of the income tax ordinance, but this matter will be open to re-examination after the Government considers the comparable Australian provision:⁵
- (iii) a profit sharing scheme providing for:—

1 Document 100.

2 Free on board.

3 Presumably, this should read '\$25 million'.

4 Paragraph (a)(v) of submission no. 36 (see footnote 1, Document 100) recommended that CRA be required to conduct a feasibility study on smelting and refining and that it undertake to submit to arbitration if the Administration disagreed with a decision not to process concentrates in the Territory. In these circumstances, the imposition of penalties was a possibility.

5 In submission no. 36, paragraph (b)(ii) recommended 'broadened capital write-off provisions to cover all capital expenditure on the project'.

- (a) an arrangement under which the company payments to the Administration will rise in stages over 4 years to 50 per cent of its adjusted taxable income (see paragraph 13(a) of the submission):⁶
- (b) a minimum annual payment by the company to Territory revenues (see paragraph 13(b) of the submission):⁷
- (c) a tax ceiling (i.e. an upper limit to the company's tax liability) (see paragraph 13(c) of the submission):⁸
- (d) royalty and municipal rates to be excluded from the tax ceiling (see paragraph 17 of the submission):⁹
- (e) the tax ceiling to rise each year by a small percentage (no more than 1 per cent) after 25 years up to a level not exceeding 66 per cent of adjusted taxable income (see paragraph 18 of the submission):¹⁰
- (iv) binding of appropriate presently allowable deductions for tax purposes including deduction of 20 per cent of net income from copper mining:
- (v) exemption from major stamp duties and limited bindings on some present rates of import duties during the initial period of the company's operations:
- (vi) the additional payments over and above normal tax rates should be imposed outside the general income tax and designated as 'special additional tax':¹¹

(c) *Territory participation*

- (i) an option over 20 per cent of the equity capital at par for the ultimate purpose of giving Territory residents the opportunity to hold shares in the project:
- (ii) provided the Government is satisfied that the venture is sound and offers reasonable prospects of profitable operation the government will ensure that the 20 per cent option is taken up either on behalf of or by the people of the Territory—the Administration or an approved agency taking up initially the

6 The payments were to be additional to royalty and municipal rates.

7 Paragraph 13(b) specified that the payment would be made 'irrespective of whether or not a taxable income is earned by the company. In addition to royalty and municipal rates the company will be required to pay *all* non discriminatory import duties payable under the agreement ... in any year in which these would return to the Administration revenues more than 50% of adjusted taxable income'.

8 The ceiling was set, in addition to royalties and municipal rates, at 50% of taxable income for the first 25 years of operations, after which the ceiling would rise by not more than 1% per annum. At the same time, the 'actual proportion of adjusted taxable income payable will rise above 50% only as a result of any increases in generally applicable Territory imposts within the limits set by the tax ceiling'.

9 Paragraph 17 explained that CRA wanted royalties included under the tax ceiling, but that the Administration preferred it excluded because of an expected revenue yield of \$0.5–1 million per annum. The Administration was also worried about political difficulties associated with taxing royalties, 5% of which were to go to landowners.

10 Paragraph 18 noted CRA's proposition that after 25 years 'if the minimum company tax rate should thereafter exceed 40% of taxable income, then the ceiling (otherwise 50%) would rise by ½ % for each 1% of the excess'. It was Barnes' opinion that this 'could lead to a situation where the company could eventually be permanently placed in a more favourable position than ordinary taxpayers'.

11 It was originally recommended that payments over and above the normal tax rates be a 'supplementary income tax'.

whole of the option or that part of it which is not taken up by eligible Territory residents:

- (iii) provision to be made for Territory representation on the company's board of directors if the option is exercised:
- (iv) a statement to be made in the House of Assembly later this year foreshadowing arrangements on the above lines:
- (v) the Minister for Territories to bring forward a further paper at a later stage on this matter for Cabinet's consideration:
- (vi) in lieu of Territory subscriptions of loan capital proportionate to the Territory's equity option, the Commonwealth to undertake to use its best endeavours to assist the company in raising overseas loan capital if the option on equity participation is taken up by the Territory.

3. The Cabinet also decided:—

- (1) That the attitude to other proposals be as follows—
 - (a) C.R.A.'s request for a Government guarantee against expropriation be refused:
 - (b) no commitment be entered into on taxation of dividends beyond assurances to the company that it would not be subjected to discriminatory treatment in respect of such payments:
 - (c) the only assurance to the company of availability of foreign exchange from its foreign earnings should be a best endeavours provision in a letter of understanding:
- (2) that satisfactory arrangements be made to ensure that the Commonwealth has no liability to the company upon ceasing to have authority over the executive and legislative acts of the Territory:
- (3) that the Minister for Territories be authorised to conclude the agreement on the above basis and exercise his discretion on other outstanding matters including those at annexure 'E'¹² of the submission.¹³

[NAA: A5842, 187]

¹² It listed 'less important outstanding matters' that remained to be decided with CRA.

¹³ Barnes conveyed Cabinet's decision to CRA in a letter to Mawby of 24 April (NAA: A452, 1967/1333). He also spoke to Mawby, noting that 'I informed Sir Maurice that I would not be able to win Govt. approval for royalty payments inside the tax ceiling. That, apart from arguments put forward by Dept., I failed to see grounds for concern with 42 years guaranteed rate of royalty and that no realistic administration would be likely to eliminate less productive areas through increased per ton charges'. Mawby said that the CRA executive would discuss Bougainville on 3 May and that he would speak with Barnes in Canberra a day later (see marginal note of 1 May on submission, Gutman to Barnes, 1 May 1967, NAA: A452, 1967/3211).

107 LETTER, MAWBY TO BARNES

Melbourne, 4 May 1967

Thank you for your letter of 24th April, 1967,¹ and for the consideration given by Cabinet to matters of prime importance to the agreement between the Administration of the Territory of Papua and New Guinea and ourselves.

We fully recognise the authority of the Territory House of Assembly to accept or reject the legislation put to them. It has been our purpose to seek an agreement which the Administration can present with some confidence as being in the enduring interest of both parties.

I can assure you that we appreciate your granting a tax holiday and placing responsibility for further processing on a moral basis. The former could prove a decisive factor with financiers and the latter will allow proper development to proceed in the light of known facts as they emerge.

On the other hand, you will appreciate that from the outset we found considerable difficulty in accepting a tax formula likely to involve the company in paying substantially greater amounts than the general run of tax payers. It is disappointing, therefore, that Cabinet should see fit to ask that the royalty the company will pay should be disregarded in calculating the amount of Special Additional Tax due. However, it is the principle involved that we regard as being of fundamental importance. We believe it is quite necessary to have all imposts due to any central Government firmly within the ceiling. We acknowledge the wisdom of piercing the ceiling for locally paid municipal rates, but are of the opinion that its value is seriously eroded if exceptions for payments to the central Government occur within the agreement.

Within the ceiling, royalty is clearly part of the package deal by which we pay higher total taxes than others. Placed outside, it could appear morally wrong, if with the passage time the company is found to be paying less than others for royalty alone, should the general rate rise above the 1¼ % f.o.b. in our agreement. Its exclusion could also be quoted as the precedent for placing any new, and not presently envisaged, tax outside the ceiling, and our reasons for accepting the burden of the Special Additional Tax could be largely negated. I must ask therefore that you reconsider your decision on this one item. As far as Division 10 is concerned,² I have already made clear to you the importance we attach to this but we respect your wishes that it should remain for re-examination following the review of comparable Australian provisions.

I have read and given close attention to the Government's attitude on the other matters covered in your letter. As a result, I can say we are satisfied that, with the hope that you would reconsider the royalty question, the agreement should be finalised in accordance with your proposals. Anticipating that it will prove possible for you to give early advice of your decision on this matter, we are doing all things necessary to assist the Administration in having legislation ready for presentation in early June to the House of Assembly in Port Moresby.³

[NAA: A452, 1967/1333]

1 See footnote 13, Document 106.

2 See sub-paragraph (b)(ii), Document 106.

3 Barnes announced the outlines of the draft agreement in the House of Representatives on 17 May. In doing so, he remarked that if the project assumed the magnitude expected, it would 'by the mid 1970s double the 1965-66 rate of Territory exports'. Conclusion of the agreement would, he said, be 'a milestone in the Territory's economic development'. Barnes also stated that the operation would be of direct benefit to the people of Bougainville (*Commonwealth parliamentary debates* (Reps), vol. 55, 1967, pp. 2240-1).

108 BRIEF FOR BARNES¹

Canberra, 16 May 1967

Papua and New Guinea—Arbitrator's decision on the local officers' salaries case

A. Background to case

- Government's decision in 1962 to reconstruct Public Service to provide framework for completely indigenous Public Service within capacity of local economy to sustain.
- Reconstruction implemented in September 1964 involved establishment of salary levels for local members appropriate to Territory, not Australian standards. World Bank report supported this action.
- True that expectations of {some} local officers were diminished as previously [they] had been paid Australian rates.
- *Not* true that any local officers suffered any reduction in rates of pay. Special non-reduction allowances paid to preserve existing levels of salaries for serving officers.
- Government had expected that subsequent reviews of levels of salaries would be necessary but had considered that 1964 salary levels should apply for reasonable trial period.

B. Arbitration case—claim and hearings

- Always open for the Public Service Association to have salary levels tested through Arbitration process.
- Association decided to go to Arbitration, and filed memorial in April 1965.
- Association's case commenced 26-10-1965 and completed exactly one year later.
- Association introduced 114 witnesses.
- Administration's case commenced 28-11-66 and concluded 8-2-67. Administration introduced 6 witnesses.
- Case concluded 17-2-67. Transcript recorded totalled 3,700 pages.²
- Exhaustive hearing covered all aspects enabling Arbitrator to be fully informed and to form opinion as basis for independent and impartial decision as required under provisions of Arbitration (Public Service) Ordinance.

C. Arbitration case—Arbitrator's Decision

In his Decision, handed down last Thursday,³ Arbitrator

- confirmed that local salary levels should be related to local economy and standards;

1 Appearing on the original are the initials of Ballard and Max Joliffe (Senior Inspector, Terms and Conditions Section, DOT) and a stamp indicating that the document was sent to the Minister's office, but author and recipient are not formally denoted.

2 For changes made to the wage structure during presentation of the Administration case—and for reactions to these modifications—see Document 56.

3 11 May.

- rejected Association's claim that there should be a direct relationship between Territory and Australian wage structures for local officers;
- commended Administration on significant adjustments made by the Administration last July during course of the hearing;
- granted increases ranging from 9% at bottom to 14% at middle and 11% at top of structure, to take effect from first pay period in July, 1967;
- {amounts of increases ranged from \$40 at bottom to \$250 at middle level and up to \$600 at top levels.}

D. Cost of local officers' salaries

- Reconstruction of Public Service and conversion of local officers to full cash wage in 1964 cost approx. \$2.4 million;
- new salary rates introduced by Administration in July 1966 had immediate additional cost impact of \$450,000;
- budgetary provision for salaries of local officers in 1966/67 financial year was \$9.7;⁴
- cost of increases granted by the Arbitrator roughly estimated to approach \$700,000 (new salary {scale} to be worked out) {in 1967/68};

E. Effects of Decision throughout Administration

- Wage levels of Police Warders and local employees of Commonwealth Departments and Authorities in the Territory will be affected. This will add further to salaries bill;
- {Increasing economic development is the appropriate way of providing an economic basis for higher salaries for local officers.}

[NAA: A452, 1967/3032]

109 LETTER, BARNES TO MAWBY

Canberra, 19 May 1967

I refer to your letter of 4th May, regarding the proposed agreement on mining copper on Bougainville Island.¹

In your letter and subsequent discussion with me you expressed concern about the placing of royalty payments outside the tax ceiling.² I have given further thought to your representations but see no possibility of a change in the Government's position on this question.

There are strong political reasons in the Territory context for dissociating royalty payments from tax payments. Apart from those reasons, however, I fail to see grounds for concern in view of the provision in the agreement for a guaranteed royalty rate of 1¼ % fixed for

⁴ Apparently, the word 'million' is missing here.

¹ Document 107.

² For background, see footnote 13, Document 106.

42 years. Moreover, the royalty rate is only one of several important existing provisions in the Territory law which are bound to be under the agreement in their application to the company. In all such commitments the assumption must be that future Territory governments will honour them.

In my letter of 24th April I stated the Government's view on the proposed 20% option on equity capital. I should add that if the offer is taken up it will be for the ultimate purpose of giving Territory residents the opportunity to hold shares in the project. The Government in reaching its conclusions on this question decided that the Administration or an approved agency would take up initially the whole of the option or that part of it which is not taken up by eligible Territory residents.

To the extent that the equity is initially taken up by the Administration or an approved agency, the benefits derived from it will be used in the best interests of the people of the Territory.

Moreover, if the offer is taken up, it is the Government's intention that arrangements will be made to ensure that stock units of the operating company, which represent this equity, cannot at any future stage be transferred to anyone except eligible Territory residents. The question of who is an eligible Territory resident will, at the appropriate time, be decided by the Territory legislature.

I have given careful thought to C.R.A.'s wish that the company should have first rights to mine copper ores in relevant areas subsequent to termination of rights during either the prospecting or construction phases.

While I recognise the unusually heavy expenditures made and proposed by your company and the conditional nature of the additional rights which you propose, I consider that the precedent set by such a proposal would invite adverse political reaction. In view of this and of other safeguards already included in the agreement I would have difficulty in accepting a proposal along these lines. If, however, you still consider that some provision along these lines is essential to your project I could accept a provision limiting the right of first refusal to a period of up to ten years and to a situation where the inability of the company to proceed with the project were demonstrably based on economic grounds.

I understand that it is now your company's wish to change the description of the proposed special additional tax. This has raised some difficulties for me as the earlier decision was reached by the Government in the light of my advice of what the company required. However, in view of the importance to you of having the description varied I have been able to obtain my colleagues' agreement to dropping the word 'special' so that it will now be called simply 'additional tax'.

I am hopeful that the matters yet outstanding in the draft agreement, including those referred to in this letter, can shortly be resolved so that the relevant legislation can be presented to the House of Assembly for early ratification.

[NAA: A452, 1967/3211]

110 SUBMISSION, BALLARD TO BARNES

Canberra, 19 May 1967

SECRET

Visit to Papua and New Guinea by Indonesian Ambassador

The Administrator has reported on the visit to Papua and New Guinea by the Ambassador for Indonesia, Major-General Kosasih,¹ accompanied by his Military Attache, Colonel Sudiono,² and Third Secretary, Mr. Mozes Weror. The main points in the Administrator's report are—

- (i) There was an orderly demonstration at the airport on April 13th by approximately 50 West Irianese, numbers of whom carried banners protesting about the Indonesian depredations and mal-administration in West Irian;³
 - (ii) The interest expressed in economic development in Papua and New Guinea;
 - (iii) The expressed ignorance of the Ambassador about border crossings;
 - (iv) The Ambassador's evasiveness on most questions in press conference;
 - (v) Admission by Ambassador of major economic difficulties in West Irian and its poor rate of development in comparison with Papua and New Guinea;
 - (vi) His emphasis on 'act of determination' rather than 'plebiscite' in relation to West Irian's future;
 - (vii) Lack of incidents in other centres of Territory;
 - (viii) Determination of Mr. Weror to play down his alignment with Indonesians and associate himself with his own people's aspirations;
 - (ix) Clandestine meetings of Mr. Weror with West Irianese at the home of Benedictus Sarwom where West Irian current affairs were discussed;
 - (x) The noticeable silence of Weror in the presence of the Ambassador and the Military Attache;
 - (xi) Weror's advice to West Irianese in Port Moresby to obey the law and avoid political demonstrations;
 - (xii) The Ambassador's open sponsorship of liaison and co-operation between Australia and Indonesia in New Guinea including liaison between West Irian and Papua and New Guinea;
 - (xiii) The Ambassador's declining to be drawn out on political questions; and
 - (xiv) The favourable social acceptance by all members of the party throughout their visit.
2. The Administrator has subsequently commented that, in his personal discussions with him, Major-General Kosasih several times stressed the desirability of Australia assisting

1 R.A. Kosasih.

2 Sudharto Sudiono.

3 In conversation with Jockel on 30 May, Kosasih said that he had 'not been concerned' by the demonstration and had made no public comment on it, even though there had been 'suggestions that he do so'; he had 'not even reported the matter to Djakarta' (NAA: A1838, 3036/14/1/6, Part 6).

the Indonesian officials who were engaged in the development of West Irian. He was clearly impressed by what he saw being done in Papua and New Guinea and aware of the enormous task facing the Indonesian officials in West Irian with the limited resources available to them. He mentioned several times the desirability of the best use being made of the \$U.S. 31 million being provided by the Dutch through the United Nations.

3. The Administrator has further commented:

‘I am not sure whether his references to the exchange of liaison officers were to a separate proposal or just an extension of and cover for training of Indonesian officials. Bearing in mind that the atmosphere in the Territory in relation to West Irian is very unfavourable towards Indonesia, {I} should not be asked to receive too many Indonesian officials in the Territory for instruction and training. Indeed it might be preferable from our point of view if the necessary briefings were given in Australia. I have stronger reservations about exchange of liaison officers.’

4. The Administrator’s views are consistent with your recent approval that there should be no extension of visits by West Irianese or Indonesians to Papua and New Guinea until the Indonesians give clear evidence of their readiness to allow reciprocal visits.

5. Submitted for your information.

[NAA: A452, 1967/1700]

111 DEFENCE COMMITTEE AGENDUM NO. 28/1967

Canberra, 26 May 1967

SECRET

Local defence forces in Papua/New Guinea

The following is the text of a minute dated 25th May, 1967 from the Acting Secretary, Department of Defence on the above subject:—

‘The attached are letters dated 13th and 23rd March by the Minister for the Army and the Minister for Territories respectively which, in broad terms, raise the following questions concerning the local defence forces in Papua/New Guinea:

- (a) The general political, social and economic relationships between the local defence forces and the civil power and the community.
- (b) The optimum size and rate of build-up of the local defence forces.
- (c) Standards for the local defence forces in relation to housing etc., but excluding rationing which is already being looked at by an inter-departmental committee.
- (d) The effect on the Works Programme of any changes proposed as a result of the above consideration.

The correspondence is forwarded for consideration by the Defence Committee.’

[*matter omitted*]

Attachment A**LETTER, FRASER TO FAIRHALL**

Canberra, 13 March 1967

SECRET

You will recall that, as a result of Cabinet Submission 573 and Decision 653 of December 1964,¹ the expansion of forces in Papua and New Guinea was approved to be increased from the existing figure of 185 Europeans and 1,188 Pacific Islanders to a strength of 650 Europeans and 3,640 Pacific Islanders by the end of 1968.

Since that time the build-up has proceeded to the extent of some 440 ARA and 2,000 Pacific Islanders. Following the introduction of National Service in 1965 and the increased build-up in Vietnam, with consequential demands for more experienced officers and non-commissioned officers, difficulty has been encountered in providing European staff of the desired calibre to raise 3 PIR and complete the programmed expansion within the time.

Now that Indonesian confrontation has ended and the urgency for a build-up in Papua and New Guinea has lessened, it would be unwise to continue a recruitment rate of Pacific Islanders without adequate staff to ensure their effective assimilation into the Army and their training and subsequent employment.

It is most desirable that the Army expansion rate within the Territory should match the available² of ARA staff for it. On current indications, it appears that the approved strength cannot be achieved until December 1970 approximately, without seriously under-staffing the ARA element.

It is proposed that, progressively during 1967, detachments of 1 and 2 PIR occupy the new barracks at Lae, thereby providing security for the area and forming the nucleus of the third battalion which then could be expanded to its full strength by December 1970, as more ARA officers and non-commissioned officers become available.

No changes to the works programme approved by Cabinet are proposed.

Your approval to an extension of the expansion period from December 1968 to December 1970 is requested.

Attachment B**LETTER, BARNES TO FAIRHALL**

Canberra, 23 March 1967

SECRET

I wish to raise with you some questions concerning the local defence forces in Papua and New Guinea and in particular what we should regard as the optimum size of those forces both now and as the time comes closer for the Territory to exercise self-government.

1 Not printed.

2 Presumably, this should read 'availability'.

As I understand it, when the Government decided in 1963 to expand the Pacific Islands Regiment to a force of three battalions of a total strength of 3,500 soldiers, Ministers had a variety of considerations in mind.

A report by the Defence Committee at that time drew the attention of Ministers to the fact that Cabinet had earlier accepted the view that the standard and standing of the P.I.R. were of significance to Papua and New Guinea well beyond its purely military significance. The Defence Committee report went on to suggest that in the transitional period and when the Territory has attained self-government or independence 'the presence of an adequate, efficient and loyal armed force will provide valuable backing for the civil authorities'.

The Defence Committee's report also referred to the stabilising influence of the P.I.R. arising from the fact that its members receive an education and a disciplined training which enables them to exercise a useful influence as leaders and administrators in their villages on completion of their service.

Again, the 1963 decision was taken against the background of a possible threat from Indonesia after it had taken over the administration of West New Guinea.

Leaving aside defence considerations as such, and leaving aside also the various helpful side effects, so far as the Territory is concerned, of the establishment of an efficient indigenous military force, I am aware that in general attempts are being made by the Australian officers of the P.I.R. to identify the Army with the community, notwithstanding certain problems in this regard.

I should add that it is not the purpose of this letter to question the value, indeed the necessity, from the point of view of the civil authorities of a loyal and efficient military force. There may be an especial need for such a force in the early stages of self-government.

However, the role of a military force needs, I suggest, to be kept in perspective if indigenes now serving—presumably the future leaders of the force—are not to be imbued with an attitude or develop a frame of mind which is in conflict with our present and long range political and civil objectives in the Territory.

This point is perhaps illustrated by the following passage in a draft J.I.C. paper relating to Papua and New Guinea which recently came to my notice:—

'As in most newly independent under-developed countries the senior officers of the armed services (including the police) of an independent T.P.N.G. can be expected to play an important if not predominant role in the political life of the country.'

It is, of course, true that in a number of countries during the past ten years the armed services have taken over control. In some cases the judgement may be that having regard to all the circumstances this has been for the benefit of the country. Nevertheless, this is not the sort of pattern we would wish to see develop in Papua and New Guinea and indeed such a development would mean that our efforts to promote stable democratic government there had failed.

Another aspect of the P.I.R. situation is that there have been occasions where we have seen signs of dissatisfaction among its members which have raised doubts whether they could be relied upon even at the present time as an instrument of the civil power to help deal with an emergency situation, for example one arising out of general industrial unrest. You may have seen that in a submission to Cabinet last year regarding pay and service conditions for the P.I.R. the Minister for the Army referred to disturbances that had taken

place among the P.I.R. and reported that the Commander in the Territory expected 'serious trouble' if a decision on pay rates were to be further delayed.³

That particular matter raised the whole difficult question of the standards of rationing, housing etc. for members of the P.I.R. in relation to the standards enjoyed by several sections of the indigenous community.

The rationing question is, of course, in the process of being reviewed, pursuant to a Cabinet direction, by an interdepartmental committee, but it occurs to me that other aspects of the question of standards such as housing might usefully be looked at having in mind the relationship of the P.I.R. to the rest of the community and the prospective Territory capacity to pay.

Another matter which I suggest it would be useful to examine is the size of the defence force which the circumstances of the Territory might justify, including the size of the force Territory revenues could reasonably be expected to support after the attainment of self-government.⁴ In this connection the position in some newly-emerged countries seems to suggest that the present target for Papua and New Guinea of a military force of 3,500 may be disproportionately high in relation to the Territory's population and prospective resources. Apart from military and economic considerations there may be considerations affecting Australian/Territory relationships that ought to be taken into account in decisions about the size of the Territory defence force.

Whether the present target is still valid in the light of the present outlook on Indonesia is an aspect which I hope would also be considered.

I do not attempt in this letter to take into account technical military considerations. You will see that I am largely concerned with the problem of the political, social and economic relationships at present and in the future between the Army in Papua and New Guinea and the civil power and the community in general. I would entirely agree that military aspects must be given all due weight in consideration of these matters. I have, however, come to feel that in the light of changed circumstances since 1963 some re-examination of policy in relation to the Pacific Islands Regiment which embraced both military and civil issues would be valuable now.

Somewhat similar considerations, though on a much smaller scale, apply to the size and standards of the Papua and New Guinea Division of the Navy, and to its relationship to the Territory community.

Following this train of thought, I would like to suggest that a confidential review might be carried out by a small group of senior officials reporting in the first instance to you and me. Initially I would think the review should concern itself primarily with Army matters, and the group could perhaps consist of the Secretary to the Defence Department, the Chairman of the Chiefs of Staff Committee or the Chief of the General Staff, the Secretary to the Department of Territories and the Administrator of Papua and New Guinea.

3 See Document 63.

4 In conversation with Fraser on 1 May, Hay 'touched on the question of the optimum size of the future army and mentioned ... that perhaps we ought to consider the economics of the size of a future army bearing in mind that one day, presumably, it would have to be paid for by the people of the Territory themselves'. Fraser 'noted this point and although we did not discuss it in detail, he did indicate that he felt there were military judgements on this matter which could only effectively be made in Canberra' (memorandum, Administration (Hay) to DOT, 12 May 1967, NAA: A452, 1966/4989).

I would be grateful if you would let me know whether you agree that such a review should be made. If so, we might then, with the Prime Minister's concurrence, discuss the objectives of the review and the particular arrangements by which it should be carried out.

I have not raised this matter with our colleagues the Minister for the Army and the Minister for the Navy,⁵ assuming that you will consult them as you think appropriate.⁶

[NAA: A452, 1966/4989]

112 TELEX, HAY TO WARWICK SMITH

Port Moresby, 30 May 1967

917. PRIORITY IMMEDIATE PERSONAL

It may be useful for Minister and yourself to have my assessment of situation in Territory at this time following salary determination.¹ There have been no official representations by public service officers through official departmental channels. Apparently they are content to let the Association make the running with the results that you know.² Privately a good many local officers and others outside the service have expressed dissatisfaction and misgiving but we cannot be sure what their true feelings are and assessments such as that of David White in the *Age*³ are in my view influenced by personal involvement. I have discussed issue with departmental heads and others. We are all hesitant to predict

⁵ Don Chipp.

⁶ Fairhall wrote to Barnes on 25 May, suggesting a review by the Defence Committee, which could 'As is customary ... co-opt the Secretary of your Department ... and as desired the Administrator'. Warwick Smith noted in the margins of the letter: 'Too cumbersome. Also the civil side would be outweighed' (NAA: A452, 1966/4989).

¹ For background, see Document 108.

² In a press release of 11 May, the PSA said it was 'shocked and appalled' at the arbitrator's decision, which was a 'tragic mistake ... [that was] insupportable on any reasoned or reasonable interpretation of the evidence' (NAA: A452, 1967/3032). Subsequently, the Association asked Holt both to advise the Governor-General to disallow the decision and to meet a deputation from the PSA (letter, J.G. Smith (President, PSA) to Holt, 24 May 1967, *ibid.*). Meanwhile, in a letter to Sir Henry Bland, Secretary of the Department of Labour and National Service, Warwick Smith reported that it had been learned privately from a member of the PSA that Robert Hawke, an advocate for the Australian Congress of Trade Unions, had been 'engaged fulltime [in Port Moresby] on the [PSA's] attitude' to the decision since it had been handed down (19 May, NAA: A452, 1967/3430). Warwick Smith was later informed that Hawke was 'a strong influence ... if not the prime mover' in a decision to send a telegram to Barnes requesting disallowance of the decision (minute, Jolliffe to Warwick Smith, 20 May 1967, *ibid.*). Hawke later vigorously denied an allegation by Downs that he had organised the march described below (see *Age* article, 8 June 1967, NAA: A452, 1967/3032).

³ A series of articles in the *Age* (some attributed to White and others to Australian Associated Press) gave prominence to negative reactions to the arbitrator's decision. Drawing on the tenor of these articles, an editorial of 15 May spoke of 'dismally low rates' handed out by Matthews and remarked that he 'does not seem ... to have been generous'. It was judged that the decision was likely to engender a feeling that white man's justice did not work to the advantage of the black man. Indigenous public servants would wonder why they had to be paid as though independence had already arrived—and the people of PNG could 'hardly be blamed if dissatisfaction with the workings of an institution imposed on their culture leads them to make premature demands for freedom from Australian authority' (*Age*, NLA: mfm NX 41; see also *Age* articles of 12, 13, 16 and 30 May, *ibid.*).

the course of events over the next few weeks. The Public Service Association is publicly committed to the thesis that the situation has manifestly deteriorated. It will thus be to its advantage to be able to demonstrate this and it will want to exploit dissatisfaction. Budding local politicians and others will no doubt also wish to exploit the situation. These are no doubt factors in the plans for a march on Government House (at first thought to be scheduled for last Saturday and now put off to next Saturday 3rd June) from Ela Beach. Association is committed to lawful action but there are openings for others who now see advantage in promoting more spectacular demonstration. We shall need to watch this one closely. Other demonstrations could follow and visiting Ministers (including Mr Kelly⁴ and Mr Barnes) should not be surprised if they are faced with them. Our expectation is that any demonstration would be orderly but we must face the possibility that they could get out of hand. All this points to need to explain Government position more fully. This we shall do by informal means rather than engage in public debate. I shall keep Under-Secretaries and Administrator's Council fully in picture.⁵

[NAA: A452, 1967/3032]

113 SUBMISSION, JOCKEL TO HASLUCK

Canberra, 30 May 1967

SECRET

Refugees from West Irian

[*matter omitted*]¹

5. We obviously face a continuing and difficult problem. While the great majority of refugees are being returned because they are simply seeking better economic prospects, there is a continuing movement of persons who can make a claim to asylum on political and humanitarian grounds. Appendix II gives the breakdown of these people over a period of time and attempts some analysis of the pattern.² The conclusion is reached in this analysis that large numbers are unlikely to be involved in further border crossings; but two things need to said about this conclusion. First, even small numbers cumulatively can create serious problems, as will be discussed. Secondly, it is difficult to foresee what will happen as the time for the act of self-determination approaches, or during its aftermath.

4 C.R. Kelly, Minister for Works.

5 On 5 May, Hay had telexed Warwick Smith that immediate comment by the Administration on the decision—other than to 'interpret ... and explain implications'—would be improper because of the need for the decision to be considered by the Governor-General (telex 465, NAA: A452, 1967/3032). The Secretary in turn replied: 'Your [message] discussed with Minister. Generally he hopes that the matter can be passed off in as low a key as possible ... He recognises that in the event of a determination which is regarded by the Association as unacceptable there is a possibility of inflammatory statements by Association which could stir up feelings and provoke demonstrations' (telex (unnumbered), Warwick Smith to Hay and Somers, 8 May 1967, *ibid.*).

1 Matter omitted includes the comment that the purpose of the submission was, *inter alia*, to 'identify some of the underlying issues in the West Irian refugee problem as a whole'.

2 Not printed.

Australia's moral and political right to take a restrictive attitude towards the granting of asylum will be somewhat strengthened if the act of self-determination takes place and is reasonably conducted, but this in itself will probably not dispose of the problem.

6. Appendix II shows that some 120 persons, with their dependents, have been granted permissive residence since 1963. This does not include any approvals for 1967, and it is evident that this year's intake will be higher than the average of the last three years.³ Nearly all these people are politically motivated, and the more that come the greater is their capacity for trouble. When, for example, the Indonesian Ambassador visited Port Moresby recently he was met by a demonstration of 50 West Irianese. And, moreover, while each refugee is obliged to enter into an understanding that he will not engage in any political activities while in T.P.N.G., this obligation becomes more difficult to police as the numbers grow; we must assume that clandestine activities are going on and will develop. Some evidence is at hand in another submission of today's date on 'Correspondence from a West Irian Nationalist Organization'.⁴

7. As numbers grow, Indonesia's attention is bound to be increasingly attracted. We know already that elements in the Indonesian Administration in West Irian are saying that their troubles are due to the fomenting of disorders from the other side of the border. We have been successful up to now in ensuring that matters are looked at rationally in Djakarta. But, while both Governments want to handle matters quietly and sensibly, there are difficult basic issues. Even if the Indonesians accept the fact that the internal dissidence in West Irian is not assisted from across the border, they could resent the fact that T.P.N.G. at present represents a sanctuary for those engaged in dissidence in West Irian; they could argue that the members of the dissident movement enjoy advantages because of the possibility of escape and refuge in T.P.N.G.

8. You have directed that we study the possibilities of recourse to the good offices of the United Nations High Commissioner.⁵ This might be a useful step. The present High Commissioner is well-placed to help with the Indonesian Government and it might help with Australian public opinion if the Government could point to his role. On the other hand, application of international principles and practices may not be in the interests of the Australian and Indonesian Governments. Application of international principles could well push Australia in the direction of accepting quite substantial numbers, not, it should be noted, into Australia itself but into a dependent territory—and thereby bring future problems for the Territory. If substantial numbers qualify for residence, we might in fact have to consider offering them residence in Australia and not T.P.N.G. At Appendix III is a note on the international position.⁶ It seems that there could well be a conflict between Australia's interests over West Irian refugees and Australia's adherence to the Protocol relating to the Status of Refugees. For us, it is not a question of the occasional refugee who has managed to evade a system of tight internal controls. Adherence to the Protocol might oblige us to take unlimited numbers of anti-Indonesian West Irianese who make

3 In a submission to Hasluck of 10 May, Jockel had written that 594 West Irianese crossed the border into PNG during the first four months of 1967, of which 389 had arrived in March. Fifty-three of the 594 had been permitted to remain pending decision on their applications for permissive residence (NAA: A1838, 3036/14/1/6 part 5).

4 Not printed.

5 That is, the United Nations High Commissioner for Refugees, Prince Sadruddin Aga Khan. The Prince had visited Australia in April.

6 Not printed.

their way across an unpoliced border. This question of adherence to the Protocol is at present a matter of inter-departmental consultation.

9. In the High Commissioner's discussions with you the suggestion was made that the High Commissioner might send from Geneva to Port Moresby an appropriate senior officer of the Commission to discuss any particular cases that might be brought under his notice by the Administrator and to take responsibility on behalf of the Commission for accepting them as refugees. One practical difficulty here is the time factor. Procedures are already too slow. This new step could mean the lengthy passage of time during which the West Irianese refugee was allowed to stay in T.P.N.G. and in the nature of things 'build up' his right to remain. More important than this, however, is the problem of the High Commissioner's representative seeking to apply formal standards of eligibility. The Australian and Indonesian Governments may have common interests in being rigorous and avoiding international scrutiny. For these reasons, we favour a careful, step by step development of our relationship with the High Commissioner. He has already been given statistical detail of the position. This could be continued. The step after that might be to discuss with him on a confidential basis and without commitment the special problems that we see and to invite any helpful suggestions he might have. However, before putting this before you as a recommendation we should prefer to await the outcome of the inter-departmental discussions on Australia's attitude to adhering to the Protocol.

10. In the meantime, we suggest that the present pragmatic course be pursued, and:—

(a) With respect to Australia's administration of the problem, it is recommended that with your authority the Department put the following points to Territories:—

- (i) Procedures for handling refugee cases be greatly speeded up;
- (ii) Every effort should be made to prevent the building-up of a West Irian element in T.P.N.G.; permissive residence should be granted as sparingly as possible;
- (iii) Firm warnings should be given in the event of breaches of the undertaking not to engage in political activity; the warnings could include the threat of return to West Irian.

(b) With respect to Indonesia, *it is recommended* that we continue to keep the Indonesians broadly informed of the Australian policy of keeping the border crossing problem in low key and of returning as many West Irianese as is practicable. If the Indonesians start to show signs of asking for individuals to be sent back, our answer might be to counsel them against raising what could become difficult, formal issues affecting public opinion, inter-governmental relations and international agencies. We could point out that the United Nations High Commissioner for Refugees is already displaying an interest and that we are seeking to have him understand the special nature of the problem. We could remind the Indonesians that Australia has avoided concepts and principles like 'political asylum' and 'persecution' and that it is not in the interests of our two Governments for Australia to be put in the position of arguing its right (and even its duty) to grant political asylum.

[*matter omitted*]⁷

[NAA: A1838, 3036/14/1/6 part 7]

114 TELEX, WARWICK SMITH TO HAY

Canberra, 31 May 1967

288/1351. CONFIDENTIAL PERSONAL

I discussed with the Minister the report of the Select Committee on the constitution¹ and in particular the attitude that should be taken in the House of Assembly when the report is presented.² The Minister is concerned that no indication should be given that the

7 A handwritten note indicates that the Minister approved the recommendations without comment. Subsequently, the Australian Embassy in Djakarta was asked to remind the Indonesian Foreign Ministry of Australia's 'general approach' to the refugee problem 'without being drawn into the justifications set out [in paragraph 10(b)] if this can be avoided'. The Embassy was instructed to say that 'the Australian Government does not want the refugee issue to mar our relations with the Indonesian Government and therefore wishes to state frankly its attitude towards this problem which is in no sense of Australia's making. Australia has in the past accepted a very small number of refugees from West Irian ... after checking their claims as thoroughly as possible. This should in no way be interpreted to mean that the Australian Government sympathises with or supports the aims and activities of the Free Papua Organisation. Each refugee is obliged to give a written undertaking that he will not indulge in political activities in the Territory of Papua – New Guinea and steps are taken to ensure that this undertaking is honoured'. For the Embassy's information, the memorandum added: 'You will doubtless appreciate that we regard the problem of refugees from West Irian as essentially a product of Indonesian administrative policy and practice in that Territory. If Indonesian administration is such as to attract the loyalty and support of the people of the Territory, there will be decreased likelihood of any significant flow of refugees to TPNG and of consequential difficulties for us and for Indonesia. In seeking to play down the refugee problem our concern is to avoid its becoming a matter of public comment in either East or West New Guinea. To do this, however, is not to affect the existence of the problem or its origins. Only the Indonesians themselves can bring about its elimination. Our hope is that our own policy of handling the matter as quietly as possible will not divert the Indonesians from eliminating the reasons for their people to seek refuge, in our Territory ... We recognise that this analysis would commend itself to few, if any, Indonesians. Nevertheless, it may be possible for you to influence Indonesian thinking delicately in this general direction as opportunity offers' (memorandum, DEA (R.N. Hamilton (Assistant Secretary, Europe, Africa, Middle East and Commonwealth Branch, DEA)) to Djakarta, 8 June 1967, NAA: A1838, 3036/14/1/6 part 6). A further memorandum from Canberra to Djakarta noted 'fears in Indonesian army circles that Australia has not given up hopes regarding the possibility of a united New Guinea' and emphasised the 'importance of attempting to remove fears of this nature should opportunities of doing so present themselves' (memorandum, DEA (Starey) to Djakarta, 3 July 1967, NAA: A1838, 3034/10/1/4 part 1).

1 Final is Document 118.

2 Earlier in the month, Barnes had given his opinion on a draft of the Select Committee report (for draft, see memorandum, Administration (Hay) to DOT, 22 April 1967, NAA: A452, 1970/4519). On the possibility of the Committee suggesting that official members not have a right to participate in votes of the new House of Assembly, Warwick Smith wrote that the 'Minister can see advantage in elimination of Official Members' voting rights in that some Members may be encouraged to vote against Administration proposals by feeling that this shows they have greater authority than the Administration senior officials. On the other hand, while 10 votes are not of great significance out of 94, nevertheless in [the] absence of parties or consistent groupings in the House voting patterns tend to be uncertain and there could be occasions when official votes would be determining in favour of Administration proposals. [The] Minister therefore considers on balance that [the] proposal to eliminate Official Members' voting rights should be discouraged'. In addition—and after discussion with Barnes—Warwick Smith had suggested the deletion of reference in the report to Territory

government will necessarily accept the usage of the term 'Minister' in relation to people who are not exercising ministerial responsibility in the accepted constitutional sense. He is also concerned at the implications of paragraph 20 that the powers and duties of ministers should be reviewed by the House of Assembly after a minimum period of two years.³ The reference in the paragraph to assuming 'sole ministerial responsibility' appears to mean a development to constitutional arrangements in which ministers would be responsible to the legislature for administration of departments of the Territory's government in a way which would amount to full self government. Nor does the Minister consider that the paragraph accords with the principle that the pace of constitutional development would be regulated by the wishes of the people of the Territory.

The Minister is concerned that the implications of the term 'Minister' read together with paragraph 20 should be fully appreciated by all indigenous members of the House of Assembly. His impression is that these are not in accordance with the views of the bulk of the members of the House (including specifically the six members at present attending the English language course)⁴ and he wants you to explore whether a member such as Tei Abal would propose in the House of Assembly the substitution of the term 'Ministerial Member' for the term 'Minister' and possibly some amendment to paragraph 20. He recognises that this would be useless unless steps were taken to see that other elected members who are unlikely to support early self-government are made aware of the implications namely that what is proposed is likely to mean the Territory backing into self-government within next few years.

The Minister would be glad to have your reactions. Will then advise further.

[NAA: A452, 1967/5895]

departments pursuing policies ('execution of approved policies' was more suitable) and of the idea that a ministerial representative would work 'under the direction of the departmental head'. The last was seen as an 'inappropriate' description of the 'relationship between [an] official and elected representative'. Beyond this, Barnes was anxious to provide a veto power for the Administrator over nominations for ministerial office, and he asked for an attempt to eliminate a recommendation that a further constitutional committee be formed in 1968. Warwick Smith wrote that Barnes 'would like to see say two years elapse after [the] constitution of the new House before constitutional discussion is resumed. If [the] suggestion for [the] appointment of [a] new committee [is] unavoidable, [the] Minister attaches importance to omission of reference to men outside the House [participating in the Committee], which he sees as possibly having the effect in practice of giving strong influence to unofficial advisers such as, for example, academics who are often very convincing in theory but lacking in practical experience of working of arrangements of government' (telex 1071, Warwick Smith to Hay, 9 May 1967, *ibid.*). A week later Barnes was informed that the Select Committee had decided that official members should retain their voting rights, but that it remained 'firm' on the use of the terms 'Minister' and 'Assistant Minister'. It had accepted that ministerial nominees would be agreed between a committee and the Administrator. On the question of constitutional change, the Select Committee stood by the proposal for a further committee, but now with the proviso 'that there should be no change in the recommended situation for two years' and with exclusion of reference to men from outside the House (submission, Ballard to Barnes, 15 May 1967, NAA: A452, 1967/5895).

3 See paragraph 22, Document 118.

4 Seven Members were attending the language course—Momei Pangial (Mendi open electorate), Koitaga Mano (Ialibu open), Tambu Melo (Kutubu open), Siwi Kurondo (Kerowagi open), Poio Iuri (Lagaip open), Stoi Umut (Rai Coast open) and Yauwe Wauwe (Chauve open)—see NAA: A452, 1966/2211.

115 TELEX, HAY TO WARWICK SMITH

Port Moresby, 2 June 1967

977. CONFIDENTIAL

Your 288/1351 constitutional committee.¹ It is important that Minister be reassured as to meaning of para 20. It was written to avoid alternative proposal that there should be a continuous review of ministerial responsibility with some achieving progressively greater responsibility than others. 'Sole legislature but rather the responsibility to the Administrator.'² The proposal for ministerial role in report envisages that director and minister should share responsibility to the Administrator; the next step is that minister should accept this (but only this) responsibility alone. You will note that para 7 sets out the basic constitutional situation on which all subsequent recommendations are based. The term 'minister' was used widely and freely in all evidence given to the committee. The people were not concerned with possible Australian interpretation but with their own strongly held feeling that their senior parliamentary representatives should be dignified by the word 'minister'. It would be unwise for Tei Abal to introduce an amendment for two reasons (a) he is a member of a committee which produced the report (b) it could be regarded as a pay back for his Under Secretary appointment. On the whole it is best that the report should be received without comment by official members but without commitment as to the final position of the Government. But we would be on lookout for any favourable tactical development in the House which would enable us to have term 'Minister' removed.

[NAA: A452, 1967/5895]

116 LETTER, MAWBY TO BARNES

Melbourne, 6 June 1967

Now that all questions have been resolved and the mining agreement for Bougainville Copper has just been signed,¹ I would like to reply to your letter of 19th May² and thank you for your part in bringing this matter to finality.

Our task now, in anticipation of its ratification is to complete the job of proving up sufficient economic ore reserves and planning an operation which will be attractive enough financially to convince the Administration, prospective lenders and ourselves that we should invest the required capital in its development.

1 Document 114.

2 This sentence appears to have been corrupted in transmission.

1 The agreement between the Administration and Bougainville Copper Pty Ltd, a subsidiary of CRA formed in early June (see documentation dated 2 June 1967, NAA: A452, 1967/4362), was signed on 6 June (see copy of agreement in *ibid.*).

2 Document 109.

We were disappointed that you were unable to remove our difficulty regarding royalty and your decision will also add to our problems in mounting an economic operation based on this low-grade orebody. However, we remain hopeful that it will be possible to do so and look forward to the continued assistance of the Administration in handling relationships with the local people and providing us with necessary services.

I am grateful that you agreed to drop the word 'Special' from the description of the supplementary tax contribution the company will make and regret that we had to ask you to refer this matter back to your colleagues.

I was glad also to be assured that it would be the intention eventually to allow residents of the Territory to hold all of the equity shares taken up by the Administration. As you know 25% of the optioned 20% may be so distributed at any time. I would like to mention, however, that we have found it a wise precaution to defer any public issues to a date when the plant is constructed and initial operating problems have been overcome. In this way we have been spared embarrassments when operations have not commenced as well as had been expected. We have referred to this problem from time to time in our Agreement discussions in Canberra and feel sure the Administration will bear this experience in mind when planning the timing of public participation in the Territory.

We also hope that despite apparent difficulties in financing, it will prove possible for the Administration to retain full beneficial ownership of the remaining shares until the appropriate time comes to also distribute them to the local people. We have always made our interests clear in this regard. We believe the prospect of a substantial Administration shareholding continuing through the early years will assist significantly towards arranging the substantial borrowings essential to the establishment of this project, and we hope that in turn this shareholding will provide rewarding dividends to the Administration and for Territory residents.

I trust that the completion of this Agreement and its ratification by the House in Port Moresby will eventually prove to have been a significant development of³ the Territory of Papua and New Guinea.

[NAA: A452, 1967/3211]

3 Presumably, this should read 'for'.

117 TELEX, HAY TO WARWICK SMITH

Port Moresby, 6 June 1967

55.

Further to the report sent Saturday about march in Port Moresby,¹ Minister and yourself might wish to have following observations.

The march was orderly. Oala and other leaders lived up to their assurances to me and to the police.² There was a little cheering and booing but no evidence of intent to be disorderly or violent. Some of the placards were racial in tone but majority were naive. Only three Europeans were observed taking part but a number were present at Konedobu to watch. There were few speeches. After the presentation of the petition to myself the crowd was told by Oala Oala-Rarua that that was the end of the demonstration and they then dispersed without further incident. Not all the original group of leaders took part. Taureka disassociated himself. I am checking to see whether others did the same. The group which presented the petition to me consisted of Oala Oala-Rarua, Albert Maori Kiki, Joseph Nombri and one representative of the teachers. Several others including Romney³ attempted to join the deputation but were not permitted.

The so-called petition was merely a restatement in summary terms of the Public Service Association's views on the Arbitrator's determination.

A group of MHA's including Simogen, Brokam, Toliman, Lapun, Tabua, Wegra Kenu, assembled at my office in order, as they put it, to emphasise their support of the Administration and myself personally. They said they strongly disapproved both of the march and of the fact that it was directed to the Administration.

We did not observe other MHA's taking part with the possible exception of Gaudi Mirau. There were, however, others who were observing various parts of it.

As to what was achieved by the march it is early to say. Certainly the leaders have made a point in demonstrating that there is substantial dislike of determination. However, our estimate is that only some 25% of the crowd were actually public servants. The remainder joined in either out of interest or because though not directly involved they wished to indicate sympathy. But the fact that a number of local officers and others strongly disagree with the Arbitrator's decision was already well known. March does not justify further conclusion which PSA doubtless hoped for that there is a deterioration in the situation or that race relations are going to get worse.

1 The march was a protest against the arbitrator's decision on salaries for local public servants (see Document 108). Hay had described the march in factual terms and conveyed a press statement he had made: 'I have only this comment to make: several experienced public servants took part in today's march, even though they know that they have appropriate ways of seeking redress of what they now believe to be a grievance—through their departmental heads, through the Public Service Commissioner or through their Association. If they, and those who may have advised, have set a pattern for the reaction of the Territory service of the future in respect of a decision which does not please its officers then they bear a considerable responsibility'. Hay advised Territories that there 'would appear no cause for concern and no cause for disciplinary action against anyone' (telex 19, Hay to DOT, 3 June 1967, NAA: A452, 1967/3032).

2 See Document 112.

3 Evertius Romney, occupation unidentified.

However, much will depend on the extent to which the Administration can actively put the Government case and also demonstrate to the majority who are ignorant of the terms of the determination that in fact there are considerable advances in the prospects open to public servants since the 1966 revision and the earlier 1964 decision.⁴

[NAA: A452, 1967/3032]

118 FINAL REPORT BY SELECT COMMITTEE¹

Port Moresby, 6 June 1967

CHAPTER I

Introduction

1. The Select Committee was appointed by resolution of the House of Assembly on 19th May 1965, 'to consider ways and means of preparing and presenting, and to draft for the consideration of the House, a set of constitutional proposals to serve as a guide for future constitutional development in the Territory.'²
2. Two interim reports have been presented. The first, on the 26th November 1965, gave details of the Committee's progress to that time, and of its future activities.³ The second, on the 30th August 1966, recommended changes in the composition of the House of Assembly to be elected in 1968.⁴ These recommendations were adopted by the House, and the necessary amendments to the Papua and New Guinea Act were subsequently made by the Commonwealth Parliament.
3. While the first part of the Committee's work was related to the legislature, the second part referred to the executive arm of the government, and to what changes, if any, should be made to enable greater local participation in the government.
4. Your Committee believes that the pace of constitutional change should be dictated by the people of the Territory, and that no changes should be proposed without the people's support. Accordingly, the Committee recently visited all District headquarters and sought views on the next steps to be taken in the constitutional development of the Territory and whether members of the House should participate more fully in the executive government.

4 On 10 June, the approach made by the PSA to Holt (see footnote 2, Document 112) was rejected by Acting Prime Minister John McEwen (letter, McEwen to J.G. Smith, 10 June 1967, NAA: A452, 1967/3032) and on 13 June the Governor-General approved the arbitrator's ruling (see minute by Barnes for the Executive Council, 13 June 1967, *ibid.*). In a press statement, Barnes rejected the view that arbitrator Matthews had not dealt properly with the claims before him and he described personal attacks which had been made on Matthews as 'reprehensible'. Barnes also underlined the 'greatly improved' position of local officers that would result from implementation of the arbitrator's decision (NAA: A1838, 936/4 part 2. Territories was agitated about the attacks on Matthews—see brief for Barnes and Warwick Smith under cover of note by Joliffe, 3 July 1967, NAA: A452, 1967/4386).

1 The report was signed by Guise in his capacity as chairman.

2 See editorial note entitled 'PNG's constitution and ultimate status: debate in Port Moresby and Canberra'.

3 See *loc. cit.*

4 See Document 67.

5. Many varying views were submitted: one large sector of the community was against any change and wanted the present position continued, at least until 1972. A small group put forward far reaching recommendations amounting to limited self government.⁵ The majority maintained an intermediate position. They desired a further step forward so that members of the House could participate more in the government.

6. In addition to obtaining an indication of the degree of constitutional advance desired by the majority of the people, many valuable ideas on how the elected members could participate more fully in the executive government were expressed, and these have assisted the Committee in reaching its conclusions. The Committee was pleased to receive many written submissions. These were all carefully considered, and were of considerable assistance.

CHAPTER II

The Administrator's Executive Council

7. The Committee appreciates that until the people of the Territory determine their own political and constitutional future, the duty and responsibility of administering the Territory rests with the Administrator acting on behalf of the Australian Government. Subject to this, the Administrator's Executive Council should be the principal instrument of policy of the Executive Government of the Territory.

8. The Administrator's Executive Council (referred to as the 'Council') should consist of the Administrator, three official members of the House of Assembly and seven persons who are Ministers. In addition, the Administrator should have the right to nominate one additional elected member in accordance with the following paragraph.

9. There will probably be men in the 1968 House who, though well qualified for ministerial positions, may consider they are not able to afford the necessary time. The advice of such men could be of benefit to the country. The Administrator should therefore be able to nominate for appointment one additional member of his Executive Council from among the elected members of the House.

10. Each member of the Administrator's Executive Council, other than the Administrator, should be appointed by the Minister for Territories on the nomination of the Administrator and would hold office during the pleasure of the Minister for Territories. A member of the Council, other than the Administrator, who wished to resign from the Council should deliver a written resignation to the Administrator for transmission to the Minister for Territories and such resignation would become effective upon acceptance by the Minister for Territories. A member of the Council who was a Minister and who resigned his ministerial position, or had his appointment terminated, would cease to be a member of the Council.

11. The Administrator's Executive Council should also exercise all the functions now carried out by the Administrator's Council, and these are set out in the *Papua and New Guinea Act 1949–1966* and the *Administrator's Council Ordinance 1960*. At present, where an act or thing is to be done by the Administrator in Council, it is to be done by the Administrator, but in such cases he must seek the advice of his Council. This position should be continued.

5 See Document 97.

12. Because he is charged with the duty of administering the government of the Territory, the Administrator is now not bound to act in accordance with the advice of his Council. In cases where he is required by Ordinance to consult his Council, and he does not accept its advice, he must, at the first opportunity report the reasons for the non acceptance of such advice to the House of Assembly. Your Committee considers that these provisions should be maintained.

13. The Council should, at its first meeting, consider the rules of procedure it will follow, and should make such amendments to the rules now applicable to the present Administrator's Council, and such additional rules, as it thinks necessary.

14. In view of the recommended increase in the scope of the Council's activities which require that it should be the principal instrument of policy of the Executive Government of the Territory, and should have the final responsibility within the Territory for advising the Administrator on budget policy and planning, and in view of the ministerial personnel on it, the Administrator's Council should be renamed the Administrator's Executive Council.

15. In accordance with generally established practice, the members of the Council would not publicly oppose the advice of the Council and the policies laid down by it.

CHAPTER III

The Ministers

16. The Under-Secretary system was instituted to give members of the House an opportunity to participate in the government, and to enable the Under-Secretaries to learn the work of government. The time has now come for elected members to take a more active part in the government, and it can be anticipated that there will be members in the next House of Assembly who will be capable of exercising more executive authority.

17. Seven Ministers should therefore be appointed from the elected members of the House, and this number could include members from both the open and regional electorates, without racial qualification.

18. As those selected for ministerial positions will have had at most only limited experience in governmental work, and will need time, experience and assistance in order to become proficient, the Committee thinks it would be wiser for the Minister to share responsibility with the Departmental Head.

19. Each Minister should be responsible, with the permanent Departmental Head, for departmental policy and for the overall activities of the department. The Minister would represent the department in the House by answering questions, introducing and carrying legislation concerning his department through all stages of proceedings, and by giving the departmental view on resolutions and motions affecting the department.

20. In the event of a disagreement between the Minister and the Departmental Head, the matter should be referred to the Administrator for decision.

21. The Director of a department represented by a Minister could be appointed to the House, but as an official member only and not as representative of the department.

22. It is realised that at this stage of the Territory's development, conditions could alter considerably over a four year period. Therefore the framework of any proposals adopted now should make allowance for changing circumstances. The capability of a Minister could develop to the extent that he is able to assume sole ministerial responsibility for

the department. Also, the needs of, or situation within, a department could warrant an increase in the Minister's authority. Accordingly, the powers and duties of Ministers should be reviewed by the House after a minimum period of two years.

23. It is not proposed to suggest now which departments should be represented by Ministers. This can be decided at the time of their appointment.

24. Recommendations concerning the appointment, retirement and termination of appointment of Ministers are set out elsewhere in this Report.

25. The failure by the House to pass legislation sponsored by a Minister should not be regarded as a vote of no confidence in the Minister or as a cause for his resignation.

26. The principle set out in paragraph 15 should also apply to Ministers.

CHAPTER IV

The Assistant Ministers

27. In departments not represented by a Minister there should be an Assistant Minister appointed from the elected members to work with the Departmental Head. In this position the appointee would be able to undertake work of a ministerial nature within the department. Responsibility for the department would remain with the Departmental Head.

28. Elected members would therefore in some way represent in the House each of the Administration departments.

29. In the past there has been some confusion amongst members of the House and the general public as to the duties carried out by Under-Secretaries and what was expected of them. This point was frequently expressed on the Committee's recent tour. For this reason the duties to be performed by Assistant Ministers should be specified.

30. These duties should embrace the following:—

- (a) To assist during preparation of Bills within the department,
- (b) To represent the department at official functions,
- (c) To represent the department and answer questions in the House,
- (d) To meet official visitors,
- (e) To participate in departmental conferences,
- (f) To participate in preparing budget estimates,
- (g) To participate in departmental policy formation,
- (h) Liaison with representative public bodies,
- (i) Such other duties or responsibilities as are determined from time to time by the Administrator.

31. Recommendations concerning the appointment, retirement and termination of appointment of Assistant Ministers are set out elsewhere in this Report.

32. The principle set out in paragraph 15 should also apply to Assistant Ministers.

CHAPTER V

Appointment of Ministers and Assistant Ministers

33. The Committee considers that the responsibility for nominating Ministers and Assistant Ministers should be shared by the House of Assembly and the Administrator.

34. A ministerial nomination scheme involving the House and the Administrator will require close co-operation, and discussions and consultation, between the parties. These discussions would best be carried out on behalf of the House by a committee of the House.

35. At the first meeting of the 1968 House, a standing committee of five elected members, entitled the Ministerial Nomination Committee, should be appointed. This committee would have the duty of consulting with the Administrator, and, with him, agreeing upon a list of nominated appointees. The Committee would then submit these nominations to the House for approval. When approved, the House would make the necessary recommendation through the Administrator to the Minister for Territories who would make the appointment. As the committee would be a standing committee, this procedure would cover any casual vacancy in the position of Minister or Assistant Minister occurring during the life of the House.

36. Should it become necessary for the appointment of a Minister or Assistant Minister to be terminated, other than at his request, a similar procedure could be employed. The Ministerial Nomination Committee and the Administrator would make a recommendation to the House that the appointment be terminated. If the House agreed, it would make its recommendation, through the Administrator, to the Minister for Territories who would terminate the appointment.

37. A Minister or Assistant Minister wishing to resign his position should deliver a written resignation to the Administrator for transmission to the Minister for Territories; such resignation to become effective upon acceptance by the Minister for Territories.

CHAPTER VI

Budget proposals

38. In the Second Interim Report, it was stated 'The Committee regards it as desirable that the elected members should, as far as practicable, assume some control over locally raised revenue'. (paragraph 48)

39. Following the adoption of the Interim Report by this House the Administrator informed the House that, in future, members of the Administrator's Council would be brought more fully into budget discussions.

40. The Committee also said that it would study further how this control should be exercised and report on it at a later stage.

41. Two principal alternatives have been suggested. Firstly that the House, or selected members of it, be responsible for the preparation of a separate budget in respect of revenue raised within the Territory, and secondly, that members of the House and the Administration be jointly responsible for the formulation of a single budget covering both internal revenue and the Australian grant.

42. It became apparent that whichever of the two alternatives were adopted, there would need to be a high degree of consultation between the Administration and the members of the House. In the case of separate budgets, both would have to complement each other.

Achieving this could only be brought about by close co-operation and consultation. This being so it is considered more desirable to have a combined effort directed to a unified result.

43. In the Committee's opinion the ordered development of the Territory would be best served at this stage by a single budget covering all aspects of government spending.

44. It is thought preferable for members of the House to gain experience in the planning of a budget covering all income and expenditure. Members responsible for preparation of a local budget only would probably obtain some experience in the distribution of the balance of receipts, but such experience would certainly be more limited than in the case of one all-embracing budget.

45. Bearing in mind that most of those who gave evidence before the Committee were in favour of members of the House participating more fully in the government of the Territory, the Committee believes that involving members in the planning of a budget which includes both internal and external revenues goes further towards providing greater participation in the government.

46. There were several views on the way the House could participate in budget planning. Some thought that there should be a special budget committee elected by the House from within the House. Others thought that the members of the House on the Administrator's Council should carry out this.

47. In keeping with your Committee's concept of the important role of the Administrator's Executive Council, it is considered that the members of this Council, the majority of which will be elected members of the House, should have the final responsibility within the Territory for advising the Administrator on budget policy and planning.

48. The Committee feels that the elected members on the Council by virtue of their executive duties in the government, would be in the best position to understand, and give informed advice on, budget matters.

49. Ministers and Assistant Ministers will also participate more fully in detailed departmental planning and through this will play a greater part in preparing departmental budget estimates.

50. Your Committee believes it would assist elected members if there was some additional link between the House and the government in budgetary matters. Therefore a Budget Standing Committee of the House should be appointed, comprising five elected members not occupying ministerial or assistant ministerial positions. Members of the House could, if they wished, channel any budget proposals through this committee which would refer them to the Administrator's Executive Council or the Minister or Assistant Minister representing the department concerned. This committee would not have executive authority, but could, in appropriate circumstances, make recommendations.

CHAPTER VII

Conclusion

51. Your Committee has studied certain matters in the nature of existing rights and privileges and basic constitutional principles such as the protection of fundamental human rights and the rule of law. Principles such as these spelt out in a constitutional document are, in your Committee's opinion, most desirable, and are referred to a succeeding constitutional committee.

52. Constitutional development is a continuing process. The Committee therefore suggests the appointment of a further constitutional committee, which would continue the study of the constitutional advancement of Papua and New Guinea, including the question of a constitution and system of government best suited to the Territory. Some of the written submissions considered by your Committee dealt with these questions, and these would be of assistance to any future committee.

53. Although the Committee has examined long term constitutional matters, including the constitutions of other countries and the relationship between the legislature and the executive in such countries, it has restricted the ambit of its Recommendations to matters affecting the 1968 House of Assembly.

54. In some systems of government the executive is drawn from outside the legislature, while in others, persons occupying ministerial positions must be members of the legislature. The Committee does not see its recommendations as committing the country, or attempting to commit the country to any particular course. In fact, it does not think that a decision as to the system of government best suited to the Territory should be made now. Such a decision will be dependent, to some extent, upon a review after implementation of recommendations in this Report, examined in the light of experience.

CHAPTER VIII

Recommendations

55. Your Committee recommends:—

- (a) An Administrator's Executive Council consisting of—
 - (1) the Administrator;
 - (2) three official members of the House of Assembly;
 - (3) seven Ministers; and
 - (4) one additional member of the House of Assembly appointed at the discretion of the Administrator. (paragraph 8)
- (b) That the members of the Administrator's Executive Council, other than the Administrator, be appointed on the nomination of the Administrator, by the Minister for Territories and hold office during his pleasure. (paragraph 10)
- (c) That the members of the Council, other than the Administrator, be entitled to resign from the Council by delivering a written resignation to the Administrator for transmission to the Minister for Territories, such resignation to become effective upon acceptance by the Minister for Territories. (paragraph 10)
- (d) That a Minister who resigned his position as a Minister, or had his appointment terminated should cease to be a member of the Council. (paragraph 10)
- (e) That, subject to the Administrator's responsibility to administer the government of the Territory, the Administrator's Executive Council be the principal instrument of policy of the Executive Government of the Territory. (paragraph 7)
- (f) The appointment of seven Ministers from the elected members of the House, to be responsible with the permanent Departmental Head for departmental policy and for the overall activities of the department. (paragraphs 17, 19)
- (g) That the Minister represent the department in the House of Assembly. (paragraph 19)

- (h) That disagreements between a Minister and the Departmental Head be referred to the Administrator for decision. (paragraph 20)
- (i) That the powers and duties of Ministers be reviewed by the House after a minimum period of two years. (paragraph 22)
- (j) That, in departments not represented by a Minister, Assistant Ministers be appointed from the elected members of the House, to work with the Departmental Head, and to undertake specified work of a ministerial nature within the department. (paragraphs 27, 30)
- (k) The appointment at the first meeting of the 1968 House of Assembly of a standing committee of five elected members of the House entitled the Ministerial Nomination Committee; such committee to consult with the Administrator and with him to agree upon nominations for the positions of Minister and Assistant Minister, and to submit the nominations to the House for its approval. (paragraph 35)
- (l) The appointment of the Ministers and Assistant Ministers by the Minister for Territories on the recommendation of the House of Assembly, such recommendation to be forwarded through the Administrator. (paragraph 35)
- (m) That, if necessary, the appointment of a Minister or Assistant Minister be terminated by the Minister for Territories on the recommendation of the House. The House would make its recommendations through the Administrator, after considering the advice received from the Ministerial Nomination Committee and the Administrator. (paragraph 36)
- (n) That a Minister or Assistant Minister be entitled to resign by delivering a written resignation to the Administrator for transmission to the Minister for Territories; the resignation to become effective upon acceptance by the Minister for Territories. (paragraph 37)
- (o) That the members of the Administrator's Executive Council have the final responsibility within the Territory for advising the Administrator on budget policy and planning. (paragraph 47)
- (p) The appointment of a Budget Committee of five elected members of the House to provide an additional link between the House and the government in budgetary matters. Members could channel budget proposals through this Committee which would refer them to the Administrator's Executive Council or the Minister or Assistant Minister representing the department concerned. Although this committee would have no executive authority it could, in appropriate circumstances, make recommendations. (paragraph 50)

119 LETTER, BARNES TO BURY¹

Canberra, 7 June 1967

SECRET

I refer to a letter addressed to me on 25th May by the Minister for Defence expressing agreement on the need for a high level review of various matters relating to the local defence forces in Papua and New Guinea and suggesting that the Defence Committee would be the body to undertake such a review.²

After giving careful thought to the Minister's suggestion, I am afraid I cannot share his opinion that the Defence Committee, even bearing in mind that the Secretary, Department of Territories, and the Administrator of Papua and New Guinea could be co-opted, is appropriately constituted for the kind of review I consider to be needed.

As I mentioned in my letter of 23rd March, 1967,³ I entirely agree that full weight must be given to military aspects, but the considerations which caused me to write to the Minister for Defence in the first instance are, I feel, essentially civil and political in nature, rather than military.

Our international obligations and indeed, in my view, our own national interests require us to develop in Papua and New Guinea a self-governing state which will be both stable and democratic, with institutions having the fullest possible degree of acceptance by all sections of the community. It is in this context, rather than in the context of defence, that I feel the future of the local defence forces in the Territory should be examined and it was this which led me to suggest consideration by an ad hoc group in which the civil and defence viewpoints would be properly balanced.

I would be grateful therefore if you would further consider my earlier suggestion as regards the composition of the group that should carry out the review.

[NAA: A452, 1966/4989]

1 Acting Minister for Defence.

2 See footnote 6, Document 111.

3 Attachment B, Document 111.

120 TELEX, HAY TO DOT

Port Moresby, 13 June 1967

214.

Following is text of press statement on the nomination of a new political party.

The thirteen men, known as the home rule group,¹ together with some nine elected members of the House of Assembly have joined to form a new political party called the Pangu Pati. (Pangu stands for Papua New Guinea Union). Behind the original group now stand many supporters from every corner of the country and representing all races. These supporters, with those living in Moresby, will form the nucleus of membership of the new party.

As well as individual supporters there are groups of like minded people in other main centres who have expressed their desire to join.

The inaugural group of founding members have formed a parliamentary wing and an interim central executive.²

The parliamentary wing comprises the following Members of the House of Assembly:

[*matter omitted*]³

There are other members who have indicated their desire to join the parliamentary wing and their names will be announced from time to time. The parliamentary wing will soon elect a parliamentary leader. Also the names of Pangu Pati candidates standing under the Pangu Pati banner at the next elections will be announced.

The interim central executive of the Pangu Pati is as follows:

Bung (rotating chairman)	Mr J.K. Nombri
	Mr Oala Oala Rarua
	Mr Mike Somare
Secretary Treasurer	Mr Albert Maori Kiki
Members	Mr Epel Tito
	Mr Gavara Rea
	Mr Cromwell Burau
	Mr Cecil Abel
	Mr Ebia Olewale
	Mr Thomas Tobaining ⁴

1 See Document 97.

2 On 14 June, Somers cabled Swift asking for advice as to the legality in the Commonwealth of public servants having membership of a party or holding office within it. 'As we see it', he noted, 'there is nothing in the Territory Public Service Ordinance and regulations to prohibit either membership or acceptance of office' (telex 1315, NAA: A452, 1967/4039). Territories replied that there were 'no legal or other restrictions' on such activities in the Commonwealth public service, adding that 'Existing public service legislation is effective in handling an officer whose activities get out of hand' (telex 358/1102, 19 June 1967, *ibid.*).

3 Matter omitted includes MHA's Paul Lapun, Pita Lus (Dreikikir open electorate), Barry Holloway, Nicholas Brokam, James Meanggarum (Ramu open), Anthony Voutas (Kaindi open electorate), Paliau Maloat (Manus open), Wegra Kenu and Siwi Kurondo.

4 This should probably read 'Thomas Tobunbun' followed by 'Vin Tobaining'.

The central executive has nearly completed a draft constitution.

The founding members have drawn up a draft statement of the Pangu Pati's policies, aims and objectives. These are outlined under fourteen main heads and a number of sub-headings. This platform will be enlarged on and spelt out in greater detail from time to time. The main points are:

1. *Home rule leading to ultimate independence*

- (a) That means we aim for independence in the future but we must have time to learn and our leaders must begin to train for this through taking part in executive government.
- (b) We know there is widespread demand throughout the country for some measure of full ministerial responsibility and executive government.
- (c) The Pangu Pati represents this demand and will go to the country on this issue at the next elections.

2. *Unification of Papua New Guinea*

Pangu stands for *one name—one country—one people* regardless of race or language.

- (a) We will work for changes to be made in the Papua New Guinea Act in order to bring about the political and constitutional unity of the two territories.
- (b) To this end we will make every effort to break down barriers and encourage unity and confidence.

3. *Pidgin to be the common language of communication*

While seeing this as inevitable Pangu stresses that English must be the official language of administration and commerce.

4. *Localisation of the public service*

Pangu believes that localisation of the public service must become a fact and not just a policy on paper. In order to speed this up—

- (a) Greater importance must be given to the training of local officers on the job and in all training institutions.
- (b) Full support must be given to the scale of salaries for local officers as put forward by the Public Service Association.
- (c) A public service board must take the place of the Public Service Commissioner.
- (d) At the same time we must attract and hold the services of overseas officers whose expert and professional help and advice we will need for many years to come.

5. *Economic development*

- (a) Pangu will work for and encourage increased and diversified primary production and more secondary industries to replace goods at present imported.
- (b) We must aim to be self-supporting in commodities that we can produce in this country such as meat, fish, rice, sugar, tea etc.

6. *Overseas investment*

Pangu stands for the encouragement of overseas capital investment in Papua New Guinea. To do this—

- (a)⁵ The security of overseas investment must be guaranteed and, at the same time, adequate provision must be made to safeguard national interests as well as the people's interests.

7. *Increase the national income*

Pangu aims high. To double the real national income within ten years.

8. *Cooperatives*

Pangu will offer full support for the cooperative movement in the following ways:

- (a) Present investment in cooperatives must be safeguarded and adequately supervised by increased staff.
- (b) There must be greater emphasis on the development and supervision of producer cooperatives—both primary and secondary.

9. *Land reform*

- (a) The time is overdue for a complete review of the land tenure system. Land is the only wealth a great many people possess. At the same time, land is a national asset and must be used and developed and not left idle.

10. *Local government—new department*

Pangu will press for the setting up of a new Department of Local Government that will be independent of the Department of District Administration and will have its own minister.

11. *Education*

Far greater assistance must be given to missions in the running of primary and secondary schools. The Administration alone cannot do this job.

Pangu's policy on education covers increased educational subsidies to missions, one syllabus for all schools, [and a] national adult literary⁶ program.

12. *Rural and technical education—school drop-outs*

- (a) Pangu will work for the stressing of rural or farm and technical education to be included in primary and secondary schools.
- (b) The number of boys and girls obliged to leave school in the lower grades is increasing. A national sett⁷ is becoming calamity. Yet nothing is being done for them. We regard this problem as one of urgent priority.

13. *Housing*

Pangu will make the provision of adequate housing one of its main objectives.⁸ Advocate the setting up of a national housing authority to meet the critical housing shortage.

14. *Better communications*

Communication facilities in a developing country are a prime necessity—not a luxury. National unity, economic progress and administrative efficiency all depend on adequate communication. To this end—

5 No '(b)' sub-paragraph exists in the original.

6 This should perhaps read 'literacy'.

7 The telex appears to have been corrupted at this point.

8 The word 'We' or similar appears to be missing here.

- (a) Pangu will work for an imaginative program, both short term and long term to cover roads and coastal shipping.
- (b) Transport by road and ship and air must ensure the dignity, comfort and safety of passengers.
- (c) Join Papua and New Guinea by road.
- (d) We must have telegraphic communications (and telephones) that keep ahead of economic progress and contribute to it, not lag behind.
- (e) The internal link with the Seacom cable must be given priority.

15. *Better conditions for rural urban workers*

[NAA: A452, 1967/2735]

121 SUBMISSION, AHRENS TO BARNES

Canberra, 14 June 1967

Papua and New Guinea—Bougainville Copper Agreement between Administration and Bougainville Copper Pty Ltd

The Agreement between the Administration and C.R.A.'s subsidiary, Bougainville Copper Pty. Ltd., has been signed and {was} introduced into the House of Assembly on 8th June. As part of the arrangements it was agreed that the Commonwealth provide the Company with a letter.

2. The proposed letter was to contain assurances on foreign exchange and support in raising loan capital. C.R.A. had also sought some words indicating the Commonwealth's favourable intentions towards success of the Agreement, whilst we wished to make clear that the Commonwealth does not accept any liability under the Agreement.

3. Cabinet decided, *inter alia*, that a best endeavours provision on foreign exchange be included in a letter of understanding; that the Commonwealth undertake to use its best endeavours to assist the Company in raising loan capital; and that satisfactory arrangements be made to ensure the Commonwealth has no liability to the Company upon ceasing to have authority over the executive and legislative acts of the Territory.

4. The attached letter has been cleared with Treasury, the First Assistant Crown Solicitor and C.R.A. It is considered to meet Cabinet's decisions and also the point sought by C.R.A. The following are the agreed words proposed to be used in the Company's reply—

'My dear Minister,

I have your letter of ...,¹ and confirm that it contains a correct record of all the assurances agreed to be given by the Commonwealth to the Company. We confirm our understanding that the Commonwealth as distinct from the Administration has no legal responsibility under the Agreement.

Yours faithfully, F. F. Espie'.

¹ Ellipsis in the original.

5. The attached letter is dated 6th June, 1967 to accord with the date of signing of the Agreement.

Recommendation

6. It is recommended that you sign the attached letter to Bougainville Copper Pty. Ltd.²

Attachment

In connection with the contemplated agreement between your Company and the Administration of the Territory of Papua and New Guinea relating to the mining of copper ore in areas covered by Prospecting Authorities Nos. 1 to 7 inclusive, certain understandings with the Commonwealth have been sought.

At the outset let me say that the Commonwealth views favourably the signing of the Agreement as an important step forward in the Territory's economic development. It also views with satisfaction the steps taken to ensure that the approval of the House of Assembly and validating Territory legislation are essential elements to the Agreement's operation. In these circumstances the Government would not look with favour upon any administrative action or decision being taken which would prejudice the continued operation of the Agreement.

I am afraid that it is not possible to give an unconditional guarantee that overseas currency will be provided to meet payments due to overseas lenders under the proposed borrowing arrangements.

It is the Government's firm and longstanding policy not to guarantee the provision of foreign exchange for the payment of interest and dividends on, and the repatriation of, investments in Australia or its Territories by overseas residents. I am sure you will understand that the Government could not, in all honesty, give unconditional guarantees regarding the availability of foreign exchange that would bind it and subsequent Governments regardless of all possible future circumstances.

At the same time, I wish to point out, that under present policy, approval for the provision of foreign exchange for the payment of current earnings on, and repatriation of, such investments is readily forthcoming, and that no change in that policy is contemplated. In fact, in the particular case of contractual liabilities of Australian or Territory residents undertaken with exchange control approval and calling for the making of payments in foreign currency, I cannot recall any occasion in the past where the provision of foreign currency for the full discharge of such obligations has been declined. Over the years Australia has established, in these matters, an international reputation of the highest order and you may be sure that nothing would be lightly done that would damage that reputation.

If the Administration takes up the offer of 20% equity capital the Commonwealth will, on request by the Company, use its best endeavours in assisting to raise overseas loan capital to establish the project. It is understood that such best endeavours would not involve any question of a Commonwealth guarantee.

² Barnes approved the recommendation and Espie replied in the agreed terms on 16 June (NAA: A452, 1967/3211).

It is, of course, the Commonwealth's intention that the assurances given above do not extend beyond the period during which the Commonwealth has control over or relevant responsibility in relation to the Territory. As the Agreement is between your Company and the Administration the Commonwealth itself accepts no legal responsibility under it.

[NAA: A452, 1967/3211]

122 TELEX, HAY TO WARWICK SMITH

Port Moresby, 14 June 1967

240.

New political party¹

The following are some preliminary observations:—

(a) Parliamentary support

At first sight this is not repeat not impressive. This could be due to 'wait and see' reaction from majority of members. It could also be due to the fact that party's instigators Voutas and Holloway do not commend themselves to majority of older electorates and have tended to be treated with some scorn in the House. It is also true that older members have a suspicion of some of the younger executive members of the party outside the parliament such as Oala. The representatives from other areas such as the Sepik and the Highlands are not heavy weights. But other members will no doubt be thinking in terms of getting re-elected next March and their attitude could well be conditioned by the likelihood or otherwise of membership of this party helping them in their own electorate. Lepani Watson says he has refused to join although invited. Position of Guise uncertain.

(b) Representative character

The party has succeeded in getting broadly representative character but only Vin Tobainig is regarded as a man of some substance. The remaining areas are not represented by persons who carry great weight locally. Indeed Nicholas Brokam will be in some danger in his own electorate of New Ireland.

(c) Finances

On Oala's own admission money will be a considerable problem and this will limit the amount of party organising that can be done.

¹ See Document 120.

(d) *The programme*

This clearly is a compromise between a number of points of view. We know that some members have reservations on the question of public service salaries. But the overall strategy of the programme is toward moderation.²

[A452, 1967/2735]

123 MEMORANDUM, ADMINISTRATION (HAY) TO DOT

Port Moresby, 20 June 1967

CONFIDENTIAL

Final report of the Select Committee on Constitutional Development¹

You have been advised of the lack of a strong reaction here to the final report of the Select Committee on Constitutional Development. The Speaker offered ample opportunity to Members to speak on the report but the Assistant Administrator (Economic Affairs) was the only one to take advantage of this. Mr. Henderson addressed himself to the use of the term Minister and Assistant Minister but aroused no comment either then or since. Some Members later expressed regret that there had been no debate but no strong opinions for or against the report have been expressed. I note also that to date the Australian press has also reacted mildly.

As pointed out in previous correspondence the recommendations are conservative and can operate satisfactorily within the present constitutional framework without extensive amendment to existing legislation. Some changes will be required in Territory Ordinances. The Ordinances Interpretation Ordinance will require amendment and the Parliamentary Under-Secretaries Ordinance will need to be repealed. I am in some doubt

2 On 24 June, Pangu released a statement accusing 'other political parties and a few individuals through the press as well as some officers of the PNG Administration' of 'misrepresenting the Pangu objectives and platform in regard to self government and independence'. The statement said, inter alia, that Pangu wanted internal self-government to begin in 1968, meaning ministerial government; that PNG needed 'years of experience' under self-government, with Australian assistance, before it would be ready for independence; that the party had not set a target date for independence; that Pangu supported a strong party system and did not want a one-party state; and that it was not anti-Australian and desired Australian help and a multi-racial society (telex 963, Hay to Canberra, 25 June 1967, NAA: A452, 1967/2735; for further development of the party's platform, see submission, Ballard to Barnes, 6 September 1967, *ibid.*). Earlier in the same week, Barnes had commented publicly that 'the amount of publicity being given [Pangu] is out of all proportion to how it is regarded by the people of New Guinea. This is because the aims of the party fit in with the ideas of many people outside the country'. Barnes thought that the people wanted self-government, but not independence. Shortly afterward, during a visit to Lae, he added that 'Parties should form naturally' and should not be 'force-fed'. On the question of independence, Barnes said he 'stood by' his previous estimate that it could come in 20 years and he said that 'a seventh State would not be contemplated by the present Government', though he could not predict what 'in years to come ... will be agreed between the Governments of Australia and Papua – New Guinea'. The latter comments were characterised by the *Canberra Times* as 'demolish[ing] the main plank of the [new] conservative United Christian Democratic Party' (Wolfers, 'May–August 1967', in Moore with Kooyman, *A Papua New Guinea political chronicle*, p. 18, and *Times Courier*, 24 June 1967, NAA: A1838, 936/5 part 6).

1 Document 118.

as to the desirability of a Territory Ordinance embodying provisions for appointment of Ministers and Assistant Ministers and setting out their duties. The presence of such an Ordinance would mean that it would be vulnerable to capricious amendment by radical groups within the House of Assembly and though such amendment could be disallowed it would provide unfavourable publicity for the Australian Government. As the quality and capability of proposed Ministers and Assistant Ministers will be unknown for some little time, it would not be advisable to insert into the legislation any provisions which would be unnecessarily rigid but rather provision should be made for administrative action to be taken in order to define the authority of the appointees and their relationship in regard to the functioning of the Administration. As far as possible I would prefer such definition as is considered necessary to be made within the Papua and New Guinea Act. The Papua and New Guinea Act would require amendment to Section 4 and to Part IV, Division 2.² It may be possible in this Division to include any of the necessary provisions discussed above or it may be necessary to add a completely new Division.

The role of Official Members in the House will be reduced in that a large proportion of legislation introduced will be carried by Ministers or Assistant Ministers. However, legislation will need the support of Official Members while rejoinder during debate and activity during the Committee stages of a Bill will be important duties. For at least some time Ministers and Assistant Ministers will need extensive support and advice from Official Members. Official Members would also have a significant role in the debates on Private Members' Bills. The block voting strength of Official Members would also be significant. However, it is clear that if the system develops satisfactorily there will be reduced need for official representation in future. I believe that the Administration's view point and efficient operation of the House could be adequately catered for by the two Assistant Administrators, the Treasurer, the Secretary for Law and perhaps the Director of the Department of District Administration.

The question of which men to appoint as Official Members now needs re-examining. Superficially the Departments which have Ministers should not need House representation by the permanent Head but I believe that our official representation should be made up of our most effective men and not related to the Departments they represent. The core representation of the Assistant Administrators, the Treasurer and Secretary for Law provides a fairly effective coverage and these men could provide assistance to Ministers or Assistant Ministers whose Departments were not otherwise represented. Without prejudicing the issue I should think that sought after Departments for ministerial appointments would be Health, Education, Agriculture, Labour, Housing, District Administration or Local Government and possibly Trade.

It would be invidious to exclude the Heads of all of these Departments from consideration as official representatives, but on the other hand it may be appropriate to look beyond the permanent Heads and appoint possibly two men at District Commissioner level who could be seconded for full time political duties. In between House meetings these two

2 Section 4 was the Act's table of contents and part IV, division 2 dealt with the form and function of the Administrator's Council.

would maintain contact with Members, follow up complaints and so on and in general keep the Administration in close touch with the overall political activities.³

[NAA: A452, 1967/5895]

124 LETTER, HAY TO WARWICK SMITH

Port Moresby, 23 June 1967

The completion of the final report of the Select Committee on Constitutional Development¹ and its passage by the House of Assembly make it necessary for the Administration to give early thought to any reorganisation that will be needed by 1968 in order to serve the new constitutional arrangements. You will recall that I had previously felt it necessary to withhold comment until this stage was reached. Assuming that the Government accepts the greater part of the Select Committee's report, the following would seem to me to be the main implications from an organisational point of view:—

(a) *Administrator's Council*

It is likely that more work will come to the Council. We should, perhaps, anticipate weekly meetings. There is nothing in the Committee's report which would necessarily extend the area in which the Council would be obliged or would wish to give formal advice to the Administrator. Nevertheless, the number and the scope of the topics for discussion would be greater than it is in 1967. I would see advantage in a greater formalisation of the existing procedure for consultation. For the most part, consultation at present is done either on the basis of oral presentations or on the basis of informal papers. From 1968, it would be desirable to present formal papers for discussion to the Council, though not in all cases. They should gradually take on more the form of a Cabinet submission. The papers would not seek 'advice' in the formal sense. The records would show only a consensus of opinion rather than a decision. Matters would come up for consideration by the Administrator's Council both from the Administrator himself (the paper being prepared by Secretariat Services), from the I.D.C.C. (see below) and, in some cases, from the Ministers themselves. The latter case would only arise after discussion between a Minister and the Administrator. It would not bring in question the procedure envisaged in Section 20(a) of the Papua and New Guinea Act.² This refers only to matters on which formal 'advice' is required. So far as membership of the Administrator's Council is

3 Commenting on Hay's views, Payne wrote on 30 June (apparently as part of a brief for Barnes) that the 'Administrator appears to favour amendments to the Act to provide for the offices proposed but that duties and functions of the offices should be left to administrative direction so that flexibility can be maintained ... Our firm view is that it should not be left to Ordinance to establish and define duties or these offices. Question of how far provision should be made in the Act to define functions of these officers is still being examined'. On the problem of official members, and particularly with regard to Hay's suggestion in the final paragraph, Payne judged that the 'Scheme sounds attractive—you may want to discuss further with Administrator' (NAA: A452, 1967/4292).

1 Document 118.

2 This reads: 'The functions of the Administrator's Council are to advise the Administrator ... on any matter referred to the Council by the Administrator'.

concerned, I would propose, as from the retirement of Mr. J.K. McCarthy, to nominate the Treasurer as the third official member. I would also propose to invite Assistant Ministers to be present at the Council when matters affecting their Departments are under consideration. There might also be occasions, as with the consideration of the Budget, when it would be desirable to invite all Assistant Ministers to be present.

(b) Interdepartmental Co-ordinating Committee³

In the long term, this Committee will increasingly have to work to the Administrator's Council. For the immediate future, the Committee should continue to work on present lines but with its recommendations increasingly taken to the Administrator's Council before final consideration by the Administrator. The question will no doubt arise as to the attendance of Assistant Ministers and Ministers at the Interdepartmental Co-ordinating Committee meetings. I think this should be discouraged but that Departmental Heads should make a practice of consulting their Minister or Assistant Minister on matters which are to be considered at the Committee so that they will not find themselves having expressed views which are later found to be unacceptable to the Minister or Assistant Minister. Otherwise, the Administrator's Council will become a place in which Ministers tend to override their Departmental Heads rather than consider matters of policy from an objective point of view.

What applies to the Interdepartmental Co-ordinating Committee will also apply, in the main, to the Land Development Board. It at present makes recommendations to the Administrator, but it is a Board in which Members of the House of Assembly have often shown interest, and I consider that it would be good politically, as well as sound practice, to have the Board's recommendations presented to the Council for consideration (though not for decision).

(c) Position of Departmental Heads

Even without any constitutional reorganisation, the need is evident for Departmental Heads to have increased authority. This applies particularly at present in administrative matters. As members of the House of Assembly come increasingly to take an interest in policy matters, this need is bound to become evident in the policy field also. I foresee a situation within the Territory in which Departmental Heads do not have to refer up to the Administrator or Assistant Administrators as frequently as they do now. They will, of course, have to refer for policy direction. They will also need to refer up in order to have the assurance of the availability of funds. While this would involve less supervision of their day to day activities by the Administrator and Assistant Administrators, it could, in fact, involve greater direct contact with the Department in Canberra on policy matters (at a stage *before* policy decisions are made). I foresee this greater consultation tending, in the long term, to take place more and more in the framework of seeking advice rather than direction. This is the implication of a gradual increase in the responsibility to be borne by the Territory. Consultation would, to a considerable degree, be conducted in

3 The IDCC had replaced the CPPC in March (see submission, Ballard to Barnes, 21 June 1967, NAA: A452, 1967/2316). The new body was instituted by Hay, who has described it as 'a flexible body which would meet at least once a month with all departmental heads present, but more frequently with only a small number present—who could be simply myself and the two Assistant Administrators and the departmental head or heads most concerned. It had a proper agenda, papers were prepared for it ... so its business was formally conducted. But it struck me as being a flexible and formal means of co-ordinating departmental activity and I kept this system going for as long as I was Administrator' (Hay interview, 1973–4, NLA: TRC 121/65, 3:1/37).

conjunction with the Assistant Minister or Minister concerned. But there is also a pressing administrative reason for it. The present degree of centralisation of authority, both in practice and by Ordinance, does not make for good administration.

I am aware, too, that there are classification implications in this recommendation.

An important consideration affecting the role of Departmental Heads is their use as official members of the House of Assembly. There are good administrative reasons for reducing the burden of House of Assembly duties on Departmental Heads. This matter is being raised in a separate memorandum to the Department.

An area of possible conflict was seen by the Constitutional Committee between Departmental Heads and Ministers in paragraph 20, Chapter III, of the Report, which provides for disagreements to be referred to the Administrator. It is correct that differences should be 'kept within the family'. However, in policy matters, particularly where Ministers take the initiative, it may be difficult to do so, especially where differences may arise between the Administration and the Government and on which the Minister for Territories rules against the Administration. Constitutionally, there is no problem in this, but Heads of Departments will inevitably be embroiled. They, of course, owe their first loyalty to the Government, but care will be necessary in handling such eventualities if they are to retain the confidence of their Ministers (who will not necessarily have the same sense of loyalty). A further issue may soon arise with Ministers on which I believe we should develop a viewpoint. That is, the question of financial delegations, normally exercised by Departmental Heads. Should the Ministers have any financial authority? If they are to do so, then the Treasury Ordinance and probably other Ordinances will have to be amended.

(d) Position of Administrator and Assistant Administrators

There is no constitutional change in immediate prospect affecting the role of the Administrator. The Assistant Administrators at present carry too heavy a burden. In part this should be relieved, as suggested above, by a greater delegation of authority to Departmental Heads. But the role of Assistant Administrators needs to be seen against a background of a gradual evolution of the Administrator and his office and the Administrator's Department towards, in the long term, a Prime Minister's office or Department.⁴ The functions of the Administrator's Department will probably remain constitutionally what they are now, namely to assist the Administrator in his duty of administering the Government of the Territory on behalf of the Commonwealth. But its organisation should be such as to enable it gradually to cope with such normal functions of a Prime Minister's Department as:—

- Policy formulation
- Policy advice
- Co-ordination

⁴ In the mid-1970s, Hay recollected that as Administrator he 'paid a good deal of attention to the system of decision-making within the Administration. Hasluck had, I think in order to take the burden off the Administrator, created a kind of triarchy, in which the Administrator and two Assistant Administrators each had a group of six departments reporting up to them. This struck me as an entirely wrong method. How can you have an Administrator who isn't at the apex of the triangle? I suspect that Hasluck had always regarded himself as the apex and so the Administrator and the two Assistants could all report up to him. But this always struck me as being quite a wrong concept and I worked very hard to get this changed' (Hay interview, 1973-4, NLA: TRC 121/65, 3:1/37-8).

Legislation and liaison with the House
 Cabinet and I.D.C.C. Secretariat
 Other Secretariat Services
 External Affairs
 Defence and Security.

I will outline my ideas on the organisation of this Department more fully in a separate memorandum.

The other new elements in the situation in 1968 will be the presence of Ministers and Assistant Ministers with the former having equal status to Departmental Heads. This will inevitably affect the supervisory and authorizing role of the Assistant Administrators. Thus, we should perhaps now aim at using them in the role of senior advisers to the Administrator who could, in addition, while still being called Assistant Administrators, chair important interdepartmental Committees, be Members of the House, and responsible for the presentation of major Administration policy in it, and also be members of other important Committees and, in addition, have delegations from the Administrator to take certain executive actions required by Territory Ordinances, such as approval of mining leases, etc. Applying this in the form of duty statements, one might envisage the Assistant Administrator (Economic Affairs) being:—

CHAIRMAN	Land Development Board Departmental Resettlement Committee Tariff Board Ad hoc Development Committees (such as that dealing with Bougainville).
MEMBER	Administrator's Council Economic Development Advisory Committee Business Advisory Committee Legislation Committee I.D.C.C.

GOVERNMENT LEADER IN THE HOUSE

ADMINISTRATOR'S DEPUTY for the purpose of approvals required in land, mining, forest etc. Ordinances.

The duty statement of the Assistant Administrator (Services) might include:—

CHAIRMAN	Works Consultative Committee Public Relations Committee Broadcasting Committee Legislation Committee
MEMBER	Administrator's Council Economic Development Advisory Committee I.D.C.C. Land Development Board Tariff Board

‘Campbell’ Committee⁵
Housing Policy Committee
University, High Tech. and Admin. Staff College Councils

Member of the House of Assembly

ADMINISTRATOR’S DEPUTY for the purpose of various Ordinances dealing with
Education, Health etc.

The abovementioned suggestions are put forward at this stage as a basis for further discussion with the Department. They would have the advantage of freeing the Administrator from a lot of the time consuming administrative detail at present involved in his office. They would seem to be consistent with the changing pattern of Government in the Territory with increasing emphasis on local responsibility. They are also flexible enough to fit into likely constitutional development over the next few years. There may have to be consequential amendments to the Administrative Arrangements Ordinance, and probably others, and these will have to receive early attention when the Government’s decisions are known.

[NAA: A452, 1970/4519]

125 MINUTE, [BALLARD TO WARWICK SMITH]¹

Canberra, undated

Papua and New Guinea—Administrator’s letter of 23rd June, 1967²

You asked for brief notes on the points made in the letter.

Administrator’s Council

2. In general no reason is seen to disagree with the outline of the Administrator’s regarding the future operations of the Council.
3. Some need is seen however for better definition of the classes of matters which should be referred for consultation. In general it is thought that these should be described as matters which would be referred to a Papua and New Guinea Cabinet if there were such a body.
4. Some comments are made later on papers coming from the I.D.C.C. to the Council. Wherever the papers originate however they will have to go in under the Administrator’s name (Papua New Guinea Act).

⁵ That is, the Social Change Advisory Committee run by consultant psychologist Brigadier E.F. Campbell. The role of the Committee was ‘to advise the Minister and the Department of External Territories on the social implications for Territory people of Government policy and other relevant decisions’ (circular by Besley, 22 May 1969, NAA: A452, 1969/3848).

¹ The minute was created over Ballard’s signature block, but it is not clear whether it is a draft or carbon copy. The intended recipient is presumed to be Warwick Smith.

² Document 124.

5. The Select Committee referred to a review of the procedures of the Council (para 13 of report).³ Any change in procedures would have to be examined against those already adopted to see if amendment is necessary.

Interdepartmental Co-ordinating Committee

6. The Administrator sees this Committee as 'working to' the Administrator's Council in the long term. Under his proposals there would be consultation with the Ministers or Assistant Ministers concerned following which (it is presumed) the Administrator's Council is consulted on the recommendations of the Committee.

7. I disagree with this on two points—

(a) it makes no provision for Ministers or Assistant Ministers to express a firm attitude on policy issues in the light of considerations which come out of the Committee's discussions;

(b) it omits the Minister for Territories from any part in policy decisions (where appropriate) before decisions are taken in the Territory.

8. It would be difficult to work this Committee under the new set up. The Committee is at present one which assists the Administrator; where necessary the Administrator seeks the Minister's approval to action proposed.

9. Our idea of how policy would be formulated was:

(a) if Administration proposed, it would be cleared with Administrator and then the Minister (if appropriate) before going to Territory 'Minister';

(b) if a proposal from a 'Minister', the departmental head would clear with the Administrator and Minister for Territories (if necessary) before Administration attitude is determined.

10. If the Committee continued it could give the impression that it acted as a second Cabinet. I think the Committee should go altogether: the Administrator would arrange ad hoc meetings where necessary to take its place.

Position of departmental heads

11. The Administrator appears to have overstressed the changes in the role of departmental heads, particularly as regards policy. In areas of special concern to the Commonwealth, the Minister for Territories would still exercise final responsibility but policy would be shaped to take into account the views of elected members.

12. The shaping of official views would be done behind the scenes by consultation between the Administrator and the Department of Territories. We should not allow a situation to develop in which Administration officers can use the 'Ministers' as a means for getting official acceptance of their own views.

13. There is a 'safety valve' where the Departmental Head must take an official stand on a matter which differs from a 'Minister', i.e. the Administrator acts as referee (possibly after consulting the Administrator's Council). In any event any major policy change should find its way to the Administrator's Council in due course.

³ See Document 118.

Position of Assistant Administrators

14. In discussion we have seen the Assistant Administrators' role developing as special advisers to the Administrator and not as links in the chain of command. (This accords with the Administrator's view.) The title of Assistant Administrator might be incompatible with the change in the nature of the offices. Perhaps the offices could be styled 'Senior Adviser (Economics)' etc.

15. It seems that the role of the Administrator's Department will grow although I express some doubts about the function of 'policy formulation'. As I see it the main function of that Department will be policy advising and this is more in keeping with what the P.M.'s Department does do.

16. These are my views given quickly.

[NAA: A452, 1970/4519]

126 CABLEGRAM, SHAW TO DEA

New York, 24 June 1967

UN796. CONFIDENTIAL

United Nations—Secretary-General

I took the occasion of a farewell call on the Secretary-General¹ on 24 June to put to him some of my impressions after serving at the United Nations for the past two years.

2. I said that Australia had been and still was an active and responsible member of the Organization. I felt disturbed, however, by the extent to which a radical minority had over the past few years been able to play on the prejudices of a large group of Afro-Arab-Asian members in directions which were one-sidedly anti-Western.² I spoke of the efforts to establish a new doctrine about legitimacy of so-called 'struggles of national liberation' which, if accepted, would allow the UN to condemn administering authorities for maintaining law and order in their territories. I mentioned the shock and anger in Australia and Papua/New Guinea when the United Nations, by large majorities, passed resolutions condemning our administration of Papua and New Guinea in terms which were patently false. We might not be angels but we did not feel ourselves to be rapacious colonialists. We were spending in Papua and New Guinea a very considerable amount of money which we could be using elsewhere. The tone and volume of UN criticism naturally affected the image of the UN in our country, although we continued to appreciate the importance of the United Nations as an organization for peace and for mobilizing economic and social development. But it seemed to me that we were going through a difficult period and in Canberra I would discuss how best Australia should adapt its policies in the United Nations during that period.

3. To this U Thant said that he could understand the national viewpoint of Australia. He went on to say that many other delegates and groups came to put to him their own

1 U Thant (Burma).

2 See footnote 3, Document 24.

doubts and misgivings about the way the United Nations was shaping. In particular, he had constant criticism from the Africans about the UN's failure to deal with the problems of Southern Africa such as South West Africa, Rhodesia and Apartheid.

[*matter omitted*]

5. The Secretary-General said that the United Nations was all that we had to deal with our problems. International peace and security came first and we would have to build on whatever measure of agreement emerged from better relations between Moscow and Washington.

[NAA: A1838, 936/3/1 part 2]

127 LETTER, HAY TO WARWICK SMITH

Port Moresby, undated¹

I regret that I have not until now been in a position to respond to your letter of 12th April, 1967 about the Pacific Islands Regiment.²

I now enclose (Attachment 'A') some comments on the headings in your letter and the notes, based on these headings, attached to your letter.

In this letter I address myself mainly to the policy aspects—some of which were included in the Minister's letter to Mr. Fairhall written in March of this year.³

My first concern, affecting both the size and the conditions of service of the Army, is whether they are within the likely capacity of a future self-governing country to sustain. I very much doubt this. I doubt, too, whether it will be acceptable to the future Territory authorities for the Australian Government to continue to command, train and equip the Army, *as part of the Australian defence forces*. Assistance with diminishing strings attached would be all right. But would this be acceptable to the Commonwealth? In sum, in the absence of a direct threat to the security of the Territory of a kind which requires forces of the size now planned, I consider that the long-term capacity of the Territory to pay should be taken into account in determining the size of the force.

My second concern is the role of the Army in the Territory. This appears to me directed in the main towards meeting an external threat. Its internal security capacity is indirect and potential, though nevertheless, important.⁴ There is a growing, but minor, community aid emphasis as a by-product of training and image building. If the security situation should

1 The letter was received in Canberra on 24 June.

2 Warwick Smith had informed Hay that Barnes had written to the Minister for Defence regarding the PIR (Document 119). Hay was provided a series of headings (see below) that would need to be covered in a review, and he was given a DOT paper which raised related 'questions and factors'. Warwick Smith commented that after such consideration 'we should ... be ready to indicate what we would consider to be the desirable size of a local defence force from a civil standpoint and whether any changes are needed as regards the present role and disposition of the forces'. Finally, Hay was asked to 'arrange for an assessment to be made of the use to which Army installations already in existence or under construction could be put in the event of the Government reaching a decision that the further expansion of the P.I.R. should be halted' (NAA: A452, 1966/4989).

3 Attachment B, Document 111.

4 A word or phrase appears to be missing in this sentence.

permit (as on the face of it, it now does) there would be an advantage in a much greater emphasis on technical and engineering capacity, even at the expense of numbers. There are now some technical units and there is a limited civil aid capacity. Consideration might be given to a much greater emphasis on these aspects. It is realised that this would involve changes in organisation, concept and role.

A further role which the Army could usefully take on (and thus relieve the Administration of a sizeable manpower commitment) is that of civil defence. The Army would be very well placed to assume such a role, and I recommend that this be seriously considered.

A further aspect which concerns me is the relationship between the Army and the future civilian authorities of the Territory. In spite of a vigorous Territory orientation and exemplary attention in training and discipline to the national role of the force, the Army is under Australian command. There is a contradiction in this which must be evident to thinking people.

This causes me to recommend that early attention be given to building up a relationship between the Army and the Territory indigenous civilian authorities. There are constitutional problems involved in this. But I see advantage in, for instance, looking to a Territory Minister having some oversight over the Army in addition to a responsibility for a civilian department. I am led to make this recommendation for another reason. The present concept of the Army is not conducive to teaching the fundamental lesson of civilian control. There is the closest co-operation between the Army command and the Administration. But matters of Army policy and practice are not subject to discussion and scrutiny in the House or to the supervision of an Under/Secretary. I suggest that we need to consider introducing this concept before long in a Territory context. Otherwise we will expose the Territory unnecessarily to the long-term threat of an Army which does not owe its loyalty to the civilian government of the Territory.

I am not myself unduly concerned by the risks which having an Army of any size entails, such as the risk of a future Army takeover or the risk of an Army contributing to, rather than preventing, unrest. These are inseparable from having an Army at all and are counterbalanced by the security and social advantages referred to in Attachment 'A'.

I am bound to say, too, that I consider the Army well led and well trained. With the kind of modifications I have suggested in this letter and with its size related gradually to economic capacity I feel that its contribution to the future stability of the Territory would be enhanced.

Attachment 'A'

LAW AND ORDER

The role of the Army in law and order is limited to the very rare situation in which the police are unable to cope with the situation. While this would be useful—the immediate advantage, from law and order point of view, is that the mere presence of a well disciplined force is a restraining factor.

It can be argued that there is a risk to law and order in the mere existence of an Army unit since its discipline cannot be guaranteed. I do not regard this as a decisive consideration.

The size of an Army unit is only relevant insofar as there are other armed forces in the Territory, and insofar as discipline in a larger force may be more difficult to maintain than in a smaller one.

POLITICAL ASPECTS

On the whole the Army is a force for unity and a focus of national pride. To an extent this [is] a function of the leadership and discipline and skill of the Army. I am satisfied that this general acceptance of the Army at present outweighs feelings of jealousy and resentment caused by the superior conditions of service of the Army. These feelings are at present held by a relatively small number of public servants and others in the community.

DISPOSITION

It is in my view unfortunate that so much of the Army is concentrated in Port Moresby, the capital. In the event of a future run-down of the Army I believe there should be a reduction in the numbers in Port Moresby. These arguments do not apply to concentrations in Lae and Wewak.

ECONOMIC EFFECTS

Manpower. In general the Army training effort may be regarded as a supplement to that of the Administration. It is true that the Army tries to attract leaders from the higher forms in secondary school. To that extent it competes with the Administration and private enterprise. On the other hand the Army recruits from areas in the Territory which are not so well covered by the Administration. The Army has brought a very substantial accretion to the educational effort of the Administration.

DEFENCE EXPENDITURES

Competition for scarce resources is a diminishing factor. It is true that there will be repercussions in the form of a drop in revenue and in employment as the Army contracts come to an end. Against this must be placed the considerable increase in the skilled indigenous work force which has resulted from the Army capital works programme.

STANDARDS

This is the subject of separate consideration.

SOCIAL EFFECTS

It is early to offer a firm judgement. Within the Army itself there is evidence that the policy of breaking down tribal barriers, of building a national spirit based on education, discipline and an unusual emphasis in religion is proving successful. There is little doubt that this policy will produce an elite, but this is very much what the Territory needs.

[NAA: A452, 1966/4989]

128 RECORD OF CONVERSATION BETWEEN ANDERSON AND KOSASIH

Canberra, 27 June 1967

CONFIDENTIAL

In conversation at a social function, the Indonesian Ambassador said that he had greatly enjoyed his recent visit to Papua – New Guinea¹ and had been impressed by the effort

1 See Document 110.

Australia was putting into the development of the Territory. There was no doubt that Australia was doing far more for the Territory than Indonesia was doing for West Irian. At the same time, the Ambassador wondered whether we were not doing too much. However much Australia put into the Territory, its efforts were bound to be criticized at the United Nations as inadequate, while the widening disparity between conditions in the Territory and conditions in West Irian could lead to a bigger influx of people leaving West Irian for the Territory. Some of these people, although having lower living standards, would have a higher political consciousness than the people on the Australian side, and could prove troublesome.

2. I said that the Australian Government did not want to see any increase in the numbers of people seeking to enter the Territory from West Irian. As the Ambassador knew, the authorities in the Territory had turned back the great majority of the people who had tried to enter the Territory in recent months. It was in the interests of both our Governments to keep this movement within bounds and so far as possible to reduce it. But I did not think that a reduction in the present scale of Australian assistance to the Territory was practicable. It might be better to try reducing the gap by improving conditions in West Irian as Indonesia's own economic position improved and perhaps with some degree of international assistance.

3. General Kosasih said he did not think it would be possible to increase Indonesian development in West Irian to a significant degree in the near future. He agreed that Australia and Indonesia had a common interest in keeping the movement of people within bounds, although he would not like to see a total ban on movement: perhaps it could be canalized to some degree by allowing people to cross the border for short visits to see friends and relatives, and then return. I said that perhaps the main consideration was that on both sides a careful watch should be kept on developments and that the two Governments should maintain close consultation.

4. General Kosasih said that he had seen P.I.R. and police establishments in the Territory, and wondered whether it was wise to give better treatment and conditions to the one and not the other. He also suggested that the splendid barracks which had been built for the P.I.R. might be too comfortable and might make them too soft in the long run to operate effectively in jungle conditions. In counter-subversion operations they would have to live and work in the jungle rather than in barracks {and} bases.

5. General Kosasih mentioned his idea of an exchange of representatives of the respective administrations between Sukarnapura and Port Moresby, saying that they should be 'technicians' rather than government representatives as such. An Indonesian technician could learn a great deal in Port Moresby that would be of great benefit to the Administration in West Irian. (I was able to avoid commenting directly on this suggestion.) General Kosasih again said how much he had enjoyed his visit to Papua – New Guinea and that he would like to go again.

[*matter omitted*]

[NAA: A1838, 689/1 part 3]

129 SUBMISSION, SWIFT TO BARNES

Canberra, 27 June 1967

CONFIDENTIAL

United Nations Visiting Mission to New Guinea {and Nauru}

Messages have been exchanged with the Australian Mission to the United Nations about the composition of the United Nations Visiting Mission due to inspect New Guinea and Nauru (if it is still a Trust Territory) in 1968.

2. The rules of the Trusteeship Council permit the Council to go outside its own membership in making up a visiting mission, and it had been suggested by a secretariat official that acceptance of wider representation on the Mission, especially if countries represented on the Committee of Twenty-Four were selected, might reduce criticism by the General Assembly of the unrepresentative character of the Trusteeship Council and of the Visiting Mission.

3. The Territories view given to External Affairs was that we would wish to take the course that would give the least trouble inside New Guinea. If Eastman were the Liberian representative again it was possible that replacement of Liberia and China by two moderate countries (possibilities were India, Thailand, Iran, for example) would be an advantage.¹ This would depend, however, on the Administering Authority being able to control the selection of the Mission. Territories would, in any case, be opposed to an increase in the size of the Mission.

4. Following further reference to New York and discussion amongst the friendly representatives of the Trusteeship Council it was reported that Eastman was believed not to want to go to New Guinea again because of the flying involved and that the Liberian representative was more likely to be Miss Brooks.² France, definitely, and U.S., probably, would oppose any increase in the size of the Mission. France was interested in being a member of the 1968 Mission and it was suggested that France replace China.

5. With Territories' agreement External Affairs is proposing to Mr. Hasluck that we should seek that the Mission be made up of New Zealand, France, Liberia {(but not Eastman)} and either the U.K. or the U.S.

6. Submitted for information.

[NAA: A452, 1967/4226]

1 Nathaniel Eastman, the Second Secretary of Liberia's Permanent Mission to the United Nations, had been a member of the 1965 UN visiting mission to PNG. Legge, who served as a departmental liaison officer for the mission, wrote to Canberra part way through the visit: 'Eastman is the only member of the mission who is likely to make any difficulties. His questions are mainly angled from the assumption that exploitation and discrimination exist. Thus he is on the lookout for signs of social discrimination and he asks the usual questions about e.g. company profits going out of the Territory ... and so on' (letter (recipient unidentified), 15 March 1965, NAA: 1964/4076). Eastman was later the author of the controversial 1966 UN resolution on PNG (see editorial note 'The United Nations resolution on PNG, 1966').

2 Angie Brooks, Assistant Secretary of State, Liberia. Brooks was also Liberia's delegate to the General Assembly.

130 SUBMISSION NO. 320, BARNES TO CABINET

Canberra, 30 June 1967

CONFIDENTIAL

Policies for private investment in Papua and New Guinea

The purpose of the submission is to bring to Cabinet's attention some issues raised by the Territory's growing need for overseas investment and to obtain Cabinet's endorsement of some elements of an investment policy for the Territory.

2. The following issues are involved:

- (a) the need for investment publicity and promotion
- (b) Asian investment
- (c) local participation—preventing excessive foreign control
- (d) investment insurance.

3. At present most of the private inflow of capital to the Territory comes from Australia; in 1964–65 this inflow was estimated to be approximately \$5 million. This compares with the Australian grant to the Territory of \$56 million during the same year and of \$70 million for the present year. There is clearly a need to accelerate the flow of private investment both from Australia and elsewhere, in order to shift some of the burden of Territory development from the public sector to the private sector.

Investment promotion

4. One way of increasing private investment in the Territory would be to do more by way of promoting foreign investment whether from Australia or from other sources. Apart from Australia the main prospective sources are the United Kingdom, U.S.A., Japan and the E.E.C.¹ countries.

5. I consider the U.S.A. holds out reasonably attractive prospects particularly as it is understood that the United States' interest equalisation tax would not apply to investment in Papua and New Guinea. Some U.S. investors have already expressed interest in the Territory and the Chase Manhattan Bank of New York has raised the possibility of arranging a seminar to create greater interest among American financial institutions in investment in Papua and New Guinea.

6. Promotional efforts directed at the U.S.A. in respect of investment in Papua and New Guinea would not be on too large a scale and would be in proportion to the investment opportunities available in Papua and New Guinea. The Treasury doubted whether, in general, a publicity and promotional programme would have the effect of markedly stimulating overseas investment in the Territory. As against this I consider that worthwhile results would follow from a suitable programme of a selective character which could be developed at a cost of approximately \$35,000 in 1967/68. I would propose that the broad lines of an investment publicity and promotion programme be worked out in consultation with the Department of Trade and Industry and the Treasury and where appropriate, the overseas facilities of these departments be utilised.

¹ European Economic Community.

Local participation

7. Almost all the funds required for major projects in the private sector in the Territory are at present provided by expatriate capital mainly from Australia. As the pace of development quickens and unless measures are taken to redress the balance, the situation will arise where all major investments in mining, agriculture, forestry and secondary industry will be mainly or wholly owned, managed and financed by expatriates. This would remove any possibility of developing a concept of partnership between expatriate and local, particularly indigenous, enterprise in the Territory. The situation would also be likely to give rise to criticism from Territory public opinion long before self-government was attained.

8. To mitigate these problems and to facilitate a reasonable degree of local participation in major new projects some special arrangements may need to be made. The purpose of such arrangements would be to provide means of participation by local investors either in the present, or in the future. If nothing is done now, we may find in a few years time that a serious situation has been created which cannot be remedied at all or cannot be remedied in time to avoid grave problems including a serious reduction in private investment.

9. Apart from the earlier case of Government participation in Commonwealth New Guinea Timbers Limited, which was agreed to in 1952, Cabinet has in recent decisions recognised the need for local participation in the Territory in specific cases, notably with Harrisons and Crosfield (A.N.Z.)² Ltd. for an oil palm venture in New Britain and with Conzinc Rio Tinto of Australia in the development of copper deposits in Bougainville.

10. Treasury felt that a policy of encouraging local equity participation in foreign investment undertakings would not be likely to deter potential overseas investors. They considered, however, that any attempt to make it compulsory for investors to provide for Territory participation could deter significant amounts of investment and moreover that because of the limited funds available from the private sector the provision of meaningful local participation could result in a substantial additional call on capital funds from official sources. I agree that it will be desirable to avoid making it compulsory for companies to provide for Territory participation, and also that, any special arrangements set up to provide a machinery for participation, should be designed so as to avoid any continuing demand for funds from official sources.

11. The recently established Papua and New Guinea Development Bank³ is authorised to take up equity holdings in development projects in appropriate circumstances. In this way some local participation may come about in specific projects. I am studying other possible arrangements including a variety of possible financing arrangements whereby significant Territory participation in major projects can be promoted.

Asian investment

12. Papua and New Guinea like other developing countries where the economy is based largely on the exploitation and export of natural resources is likely to prove an attractive field of investment to Japanese interests. However under existing Cabinet directions Asian

2 Australia and New Zealand.

3 During a speech on 6 July 1967 marking the opening of the Bank, Barnes commented that it had 'been set up as part of the Government's policy of economic development of the Territory ... [It] will add another important service by making credit available to both indigenous and expatriate producers and businessmen who have sound projects to put forward. It will especially serve the small producer and the small business man' (NAA: A1838, 936/14/2 part 1).

investment is not to be canvassed and Asian investment proposals can only be approved under certain restricted conditions and under special procedures.

13. There has been no adverse reaction reported from the local people against recent approvals given to proposals involving Japanese investment in the Territory.⁴ In view of this and because of the need for a substantial increase in private investment it would now appear desirable to consider easing some of the current restraints on Asian investment. The first steps could be taken to lay down and make known for the guidance of intending investors broad rules under which Asian participation in investment in Papua and New Guinea will be accepted. Existing administrative procedures might be simplified to obviate delays and inconveniences which tend to inhibit investment at present. Indeed it might now be timely for the policies relating to Asian investment and associated administrative arrangements to be reviewed by a committee of the Prime Minister's, Trade and Industry, Treasury, External Affairs and Territories Departments, consulting other departments as necessary.

Investment insurance

14. A number of requests have been made seeking Government guarantee against loss of investment (especially through expropriation or restrictions on transfer of earnings and repatriation of capital) in the event of future adverse political developments in the Territory. It has been suggested in these representations that the absence of such a guarantee retards new private investment. It is hoped that to some extent hesitations on the part of foreign investors which may be due to the absence of an investment guarantee can be overcome by the proposed programme of investment promotion. Moreover any arrangements which may be made to ensure local participation in major projects could be regarded as representing a degree of insurance of such investment.

15. The question of investment insurance could therefore be left to one side for the present. It could be if necessary reviewed in the light of the results of the proposed investment promotion activities and in the light of an examination of proposals referred to in paragraph 11 for an arrangement ensuring local participation in major Territory projects.

Recommendation

16. I recommend—

- (a) that a modest programme of investment promotion appropriate to the Territory's needs be authorised; the broad lines of the programme for 1967–68 be worked out in consultation with the Minister for Trade and Industry and the Treasurer and that the provision of necessary funds be considered at the time the 1967–68 budget is being framed;
- (b) that arrangements relating to Asian investment should be reviewed with a view to easing the restraints on Asian investment. The review to be undertaken by a committee consisting of Prime Minister's, Trade and Industry, Treasury, External Affairs and Territories Departments, consulting other departments as necessary;
- (c) that the need for adequate opportunities, and possibly the need for additional arrangements for Territory participation in major overseas investment enterprises

⁴ See Documents 57 and 60.

in Papua and New Guinea be noted, any such arrangements to be designed in such a way as to avoid continuing demands for funds from official sources;

- (d) the need for investment insurance in the Territory be reviewed again if necessary in the light of the results of promotional efforts to encourage overseas investment and the establishment of a policy regarding local participation, if these measures are approved.⁵

[NAA: A1838, 936/3/1 part 2]

131 MEMORANDUM, ADMINISTRATION (HAY) TO DOT

Port Moresby, 6 July 1967

Resolution of the House of Assembly concerning appointment of Papuans and New Guineans as liaison officers overseas

I attach copy of a resolution passed by the House of Assembly on the 7th June, 1967 concerning the above matter.¹ You will note that it is a recommendation to the Australian Government as well as the Administration.

2. The following matters were considered in the Interdepartmental Co-ordinating Committee on the 29th May, 1967:—

- (a) Training in international relations for career officers. A submission had been made to the Department of Territories proposing the establishment of a formal Territory Diplomatic Service and was to develop a scheme to prepare indigenous officers for service eventually as Diplomatic Officers. It envisaged long term training of suitably qualified officers to start now. The proposals were rejected by the Department of Territories.²
- (b) The Department of Territories' proposal that suitably qualified local officers should spend a year on attachment to the International Relations section of the Department followed by a year's attachment to the Australian Mission to the United Nations at the rate of one officer each year.
- (c) Mr. Lepani Watson's motion which, at that time, had not been amended.

5 On 19 July, Cabinet approved a promotion program to be funded from the Administration's vote for 1967–8 (see Document 136). The outlines of the program were to be established initially by the interdepartmental committee referred to in paragraph 16(b). The recommendations contained in paragraphs 16(b) and (d) were approved. With regard to 16(c), Cabinet 'agreed that the desirability of Territories participation in major overseas investment enterprises be noted, but [decided] that there need be no over-rigid application of rules or guidelines to this end'. Cabinet also endorsed Barnes' advice in 16(b) on official sources (decision no. 418(M), NAA: A5842, 320).

1 The resolution, moved by Lepani Watson, recommended that PNG public service officers, 'perhaps six initially', be attached to the DOT and to DEA's foreign service 'to act in the capacity of information liaison officers on matters which affect this Territory at both the Australian and international levels'. One of the officers would be attached to the Mission at the United Nations 'for a period of three years for general information duties and to advise and assist Papuans and New Guineans selected to attend meetings at the United Nations'. Henderson moved that reference to 'six' officers and 'three years' be omitted, and that the latter be substituted for 'a substantial period of time'. The amended resolution was passed by the House.

2 See Documents 55 and 74.

3. My conclusion, after discussion in the I.D.C.C., was that the first need was to get suitable local officers into positions connected with policy work and that such officers might then be used for ad hoc missions overseas. Generally speaking my advisers supported the idea that suitable officers could get experience by participating at various International Conferences, including attachment to the United Nations, and that formal training of a Diplomatic Corps would be premature at this stage.

4. Mr. Lepani Watson, in moving the motion, and his supporters, stressed its importance because they believed that the Territory should stand on its own feet; that there was a lack of understanding about the Territory in international circles and that the officers, when appointed, could disseminate information; the experience would possibly benefit trade and would be broadening; the officers must speak for the people and not for themselves; they would not only correct misunderstandings and supply facts and figures, but would be able to advise about what the ideas and wishes of the people are, what the majority thinks and what the minority thinks. By being attached to Australian Ambassadors and High Commissioners they could see for themselves what is happening in other countries and learn about programmes and what they learnt could be told back in the Territory. Public servants would have to be selected with care and would have to be some of the best educated Papuans and New Guineans; they must have the proper attitude of public servants to serve the people of the Territory. The idea would be worthwhile if these officers could persuade representatives of some nations to drop their opinion of some of the people of this Territory. The image of the Territory must be created in the proper perspectives.

5. Only one European spoke, apart from the Assistant Administrators, and that was Mr. Downs who supported the idea but thought that it should be modified. One or two native Members of the House said that the idea was good but should be shelved for five to ten years. The House finally accepted the motion with the amendments which had been proposed by the Assistant Administrator (Economic Affairs) and the Official Members did not oppose its passage.

6. After studying the debate I feel that the Members supporting the motion were not clear as to what the duties of the officers would be except in the very short term. Obviously the thing uppermost in the minds of the mover of the motion and his supporters was the need to correct opinions about when the Territory should have self-Government. In the short term, the views of the Members of the House of Assembly and the Government coincide but it may be only a short time before there are areas of difference. Such areas of difference would lead to complications for information officers if they were to do what the mover of the motion expected them to do, that is to explain the viewpoint of the majority and minority of the people in the Territory. These difficulties would exist while ever in the minds of the information officers they were there to represent a Territory point of view. If they were just public servants who were being trained as Diplomats by the Australian Government without any requirement that they should try to interpret the Territory to people overseas, their positions would be considerably different. In any case, it will be a couple of years before suitably qualified people are available if, as Mr. Lepani Watson suggested, these people must be amongst the best educated people of the Territory. Even the best educated officers will need quite a long period of training and tuition if they are to advise merely on matters of fact, let alone on policy matters.

7. It is my intention to have this matter discussed in the Administrator's Council but I would think that the Administration should oppose the appointment of officers for

the purposes envisaged and that it would probably be best to try to develop the idea of marrying present practice with what the House wants by stepping up the number of people who go overseas with Missions and that is where the Territory is affected. This, of course, is the line taken by the Assistant Administrator (Economic Affairs) in the House.

8. I shall advise you further after the discussions in the Administrator's Council.³

[NAA: A452, 1966/3850]

132 SUBMISSION NO. 401, BARNES TO CABINET

Canberra, 11 July 1967

CONFIDENTIAL

Grant for Papua and New Guinea Administration in 1967/68

This submission seeks approval for a Commonwealth grant of \$81 million to the Papua and New Guinea Administration in 1967/68. The grant for 1966/67 was \$69.8 million.¹

2. Comparing the proposed 1967/68 Administration budget with that for 1966/67—
 - total expected to rise from \$120.10 million to \$145.05 million—i.e. up 20.8%;
 - internal revenue up from \$44.25 million to \$56 million, a 26.6% increase, new revenue measures being introduced during the year if found necessary to achieve this;
 - loans up from \$6.20 million to \$8.05 million, almost 30% increase;
 - share of the budget provided by Commonwealth grant would decrease from 58.1% to 55.8%—continuing the policy of reduction in dependence on the Commonwealth; the figure in 1961/62 was 67.8%;
 - of the proposed increase of \$24.95 million in the total budget, the Commonwealth is asked to provide \$11 million, or 44.1%.
3. On the expenditure side, the draft Administration budget for 1967/68 continues to give priority to those expenditures which both directly strengthen the productive potential of the Territory and advance the indigenous people. The functional classification of the proposed budget given in Attachment 'A'² shows a marked increase in the proportion

3 In a note to Ballard of 21 July, Warwick Smith wrote: 'What are we doing about the House of Assembly suggestions from time to time about cadets overseas? Why don't we immediately station a couple of local officers with the Department in Canberra and one in the mission in New York, and one in Australia House?' (NAA: A452, 1966/3850). In the Territory, Hay discussed Watson's resolution with his Council on 13 November. The Council agreed with views put forward in a paper placed before them that PNG would not be able to provide suitable officers for some time—and that when these did become available, they would best be employed in the Territory in accordance with the Administration's localisation policy. The paper suggested that the 'aims of the House could best be achieved by the inclusion of Papuans and New Guineans, both members of the House and Public Servants, in missions proceeding overseas for specific tasks' (memorandum, Administration (Hay) to DOT, 2 December 1967, *ibid.*).

1 See Documents 47 and 50–2.

2 Not printed.

of the budget devoted to the Commodity Producing Sector and a substantial increase for the whole of the Economic Sector. In 1967/68, 33.8% of the budget is for economic development, compared with the target of 34.7% suggested by the 1963/64 World Bank Mission.

4. Important elements in the proposed budget increase of \$24.95 million are shown at Attachment 'B'.³ This increase is required to give effect to existing policies; but with the opening of the Development Bank special emphasis is given to expanding the private sector at the expense of the public sector.

5. The proposed increase of \$5 million in the budget provision for the Development Bank is a major element in the budget growth. The Bank opened for business on 6th July, 1967.⁴ The proposed provision in 1967/68 of \$6 million would give it a capital of \$7 million. This is a relatively small capital for a Development Bank established expressly to promote the rapid expansion of private enterprise and especially to finance the production of cash crops by indigenous agriculturalists. The World Bank Mission of 1963/64 recommended a Government contribution of \$6 million a year for five years which together with \$10 million from other sources would provide the total of \$40 million which the Mission assessed as the credit requirements for five years. No subscription of private capital for the Development Bank is likely at present but this will be kept under notice. A provision of \$6 million for the Bank in 1967/68 is the minimum allocation necessary to attract and vigorously encourage large scale private effort which will develop the Territory's resources without the high costs involved in Government activities such as for housing and administrative overheads.

6. To provide the funds which are being diverted to the Bank for the express purpose of promoting the quick expansion of the private sector, Administration departmental activity has been restricted and this restriction will mean that Departments will be labouring under more than usual financial strains in 1967/68 in striving to carry out their functions in a period when constitutional development will require the Departments to put a growing proportion of time and effort into persuasion and consultation.

7. A net gain of about 600 overseas staff is provided for in the budget. There is no question {but} that overseas staff in this number is required for effective administration and to endeavour to achieve policy objectives. In 1965/66 there was a net gain of 614 overseas staff but last year's achievement of an estimated 180 fell far short of the target of 401. There was, however, a period of uncertainty caused by decisions of the House of Assembly on the provision for recruitment expenses. The vote was reduced in September and then increased in March to a figure higher than the original one.⁵ As a result, 220 of the 600 net gain programmed for 1967/68 are a carry-over from the 1966/67 programme.

8. The expectation of achieving a net gain of 600 overseas staff in 1967/68 is based on—
(a) a streamlining of recruitment procedures and the entering into of forward commitments has put recruitment for 1967/68 in a much more advanced stage than the recruitment programmes of former years had reached at the same time—about 200 prospective engagements are already, at this stage in the new financial year, nearing completion;

³ Not printed.

⁴ See footnote 2, Document 130.

⁵ See Documents 68–71 and 87.

- (b) a more favourable housing situation than has existed in recent years resulting from the out-turn of some 340 houses under the 'Special Housing Contract'; questionnaires have indicated that housing is one of the most important factors in recruitment and retention of officers;
 - (c) the implementation of the Provident Fund Scheme for Contract Officers from an early point of time;⁶
 - (d) a more vigorous recruitment drive, greater consultation with the States that has produced more co-operation from them and more and wider advertising.
9. An increase of slightly more than 20% in the Administration budget in 1966/67 compares with an average annual increase of 16% in the budget over the last three years. The greater increase in 1967/68 results largely from the new provision for the Development Bank, which alone accounts for slightly more than 4% of the increase in the budget. A further 1½% is accounted for by increased provision for the University and the Institute of Higher Technical Education. These increases must be accommodated in a budget which must expand substantially in any case to provide for Government sponsored accelerated economic, political and social development of the Territory. The proposed overall increase of \$24.95 million is no more than is necessary to maintain the present pace of development which must be sustained if not speeded up in the years immediately ahead in an endeavour to make the Territory less dependent economically on external aid as quickly as practicable.
10. Current political development in the Territory and international pressures allow of no diminution in effort.
11. In accordance with the established principle that the Territory should meet an increasing proportion of the budget from its own resources, the Territory itself will through internal revenue and borrowing meet practically 56% of the proposed increase in the budget. An increase of \$11 million in the Commonwealth grant (representing about 44% of the increase in the Territory budget) would I suggest be in accordance with the Government's announced policy of continuing to spend more over the next few years on the development of the Territory.
12. Adoption of the Territory budget depends on the decision of the House of Assembly, but the Australian Government's responsibilities require that it retain ultimate control over the pattern of the Territory budget. Cabinet endorsed this and agreed (Decision No. 547 of 21st September, 1966) that if policies fundamental to accelerated development were rejected by the House of Assembly, it would follow that the Government should re-examine the position including the level of Australian aid. In the event that the House should attempt to vary the budget in way unacceptable to the Government, the intention would be that the amount of the grant and the arrangements for Australian aid should be open to review.⁷

Recommendation

13. I recommend a grant of \$81 million to the Papua and New Guinea Administration in 1967/68, the policy basis being as set out in paragraph 12.

[NAA: A5842, 401]

6 See editorial note 'PNG's Australian public servants: morale and the future of the Territory'.

7 See Documents 69–71.

133 NOTE BY DEANE ON CABINET SUBMISSION NO. 320¹

Canberra, 13 July 1967

CONFIDENTIAL

Policies for private investment in Papua and New Guinea

There are two matters for decision—investment promotion and a review of arrangements for Asian investment in Papua and New Guinea.

2. An investment promotion programme of \$35,000 is proposed. This is hardly modest as claimed when compared with the Australian programme of just over \$70,000—the latter has been kept modest because of the doubt that publicity in this field really pays dividends. Furthermore, there is no publicity at all in the United Kingdom because of capital outflow restrictions and for some years now investment promotion in the United States of America has been restricted to investment seminars. While not disputing the importance of attracting private capital to Papua and New Guinea we question whether a programme as proposed would be money well spent. Our view is that particular proposals such as the Chase–Manhattan Bank investment seminar mentioned at para 5 of the Submission should be looked at and decided on their merits by the Ministers concerned.

3. We can see no reason for a further interdepartmental review at this stage of the arrangements applying to Asian investment in Papua and New Guinea. The Cabinet has already laid down general guide lines and some investment propositions have been given approval on a case by case basis.² There is no explanation as to why and how the present arrangements are inhibiting investment.³

[NAA: A4940, C3830]

134 SUBMISSION NO. 364, McMAHON TO CABINET

Canberra, 17 July 1967

CONFIDENTIAL

Analysis of submission no. 401:¹ Grant for Papua and New Guinea Administration

The Minister for Territories is seeking a Commonwealth grant of \$81 million for the Administration of the Territory of Papua and New Guinea in 1967–68. This is \$11 million or 15.7 per cent greater than the \$70 million grant we approved in 1966–67. Our grant, however, was underspent by some \$200,000 so the increase the Minister is seeking represents about 16 per cent.

1 Document 130.

2 See Document 57 and 60

3 The note was approved by Bunting. Another version of the note by Bunting and Deane, dated 17 July, shortened paragraph two while retaining its substance (NAA: A4940, C3830).

1 Document 132.

2. Grants to the Administration have increased very rapidly:—

	Grant	Increase Over Previous Year
	\$m.	\$m.
1959–60	25.6	2.6
1960–61	29.6	4.0
1961–62	34.6	5.0
1962–63	40.0	5.4
1963–64	50.5	10.5
1964–65	56.0	5.5
1965–66	62.0	6.0
1966–67	69.8	7.8
1967–68	(Requested) 81.0	11.2

3. The approved grant of \$70.0 million to the Administration for 1966–67 enabled the Treasurer of the Territory to present to the House of Assembly last year a budget totalling \$120 million of which the Commonwealth grant accounted for 58.3 per cent. Later in the year, the Treasurer of the Administration considered that his estimate of receipts from internal revenue had been somewhat conservative and he introduced a supplementary budget providing for additional expenditure of \$1.87 million. In the event, however, expenditure by the Administration in 1966–67 was lower than expected at an estimated \$120.1 million of which the Commonwealth grant represented 58.1 per cent.

4. The grant of \$81.0 million requested for 1967–68 would represent a greater rate of increase in the grant (16 per cent) than in any year since 1963–64. The Administration's internal revenues are, however, expected to increase this year by nearly 27 per cent and the Minister indicates that, if necessary, new revenue measures will be introduced to ensure this. Together with the proposed Commonwealth grant, these revenue sources plus loans would enable the Administration to introduce a Territory budget of \$145.05 million, \$24.85 million or almost 21 per cent greater than last year's expenditure. Of such a budget, the proposed grant would represent 55.8 per cent—a lower percentage than last year.

5. It is, I think, encouraging to note that only a few years ago the Commonwealth grant constituted two-thirds of the Territory's revenue and that although our grants have increased each year since then, the grant represented only some 58 per cent of the 1966–67 budget. As the Minister agrees, this is a trend that, it is to be hoped, will continue, since our purpose in contributing funds to the Territory is to assist in the generation and expansion of local income that will be so necessary if ever the Territory is to become economically viable.

6. I should also mention that statistics recently released in the Territory show that in the monetary sector of the Territory's economy, the gross product has been growing at an average annual rate of 12.7 per cent. This is a very satisfactory rate of growth and, to my mind, disposes of any claims that in economic terms development is not proceeding apace.

7. I turn now from these general observations to several specific components of the proposed \$145.05 million outlay.

Expatriate recruitment

8. Twelve months ago the Minister hoped to recruit 571 expatriate officers to the Territory in 1966–67. In the light of our grant and local revenues, this target was reduced to 400. In the event, the Administration achieved a net recruitment of only 180. As the Minister explains, the budget figures now before us include \$1.7 million for salaries for the net recruitment of 600 expatriate officers—that is last year's shortfall of 220 plus a fresh target of 380. I have noted that there was a net gain of 614 overseas staff in 1965–66 but of course a year earlier only about 170 new recruits were obtained against a target of 400. Even allowing for the fact that the House of Assembly did cause some upset last year (because the House was critical of the high proportion of the budget being spent on expatriate staff) and the fact that there is now to be a provident scheme for contract officers, a net figure of 600 (which I understand will require a gross intake of 1100 recruits) does seem optimistic and I suggest that there could be room for some savings in this area.

Papua and New Guinea Development Bank

9. Last year \$1 million was provided in the Territory budget for the initial capital of the Development Bank. The Bank, however, did not open its doors for business until this month (6th July) so that apart from payment of administrative expenses the initial capital is virtually intact. The Minister now proposes that a further \$6 million should be included in the Administration's budget for payment to the Development Bank to give it capital of about \$7 million.

10. The Minister mentions that the World Bank proposed that the Administration should subscribe \$6 million a year for five years. But a capital grant of \$6 million in the first year of business appears to be over generous, particularly since there is as yet no guide to the amount of business the Bank may be able to transact. An amount of \$500,000 is payable by the Bank to Harrisons and Crosfield during the year as a call on share capital. Thus if a capital payment of \$2.5 million were made to the Bank in 1967–68 it would have initial uncommitted resources for its first year of business of about \$3 million. This would represent about one-sixth of the *total* advances now outstanding to all banks operating in the Territory. If during the year we find that the demands on the Bank are greater than this, I would be prepared to discuss with the Minister the possibility of increasing the Bank's capital later in the year. I see no point in tying up our own funds prematurely.

11. I think we can find some guide to the appropriate size of the Territory's budget for 1967–68 if we make our starting point last year's expenditure minus the special amounts contributed to the University, the Institute of Higher Technical Education and the Development Bank. The various additions to this figure that I envisage are then shown as follows:—

	\$m.	\$m.
Estimated Expenditure 1966–67		120.1
Less 1966–67 Expenditure on[:]		
University	1.8	
Institute of Higher Technical Education	0.4	
Development Bank	<u>1.0</u>	<u>3.2</u>
		116.9
Allow a generous 12.0 per cent increase on 1966–67 expenditure		<u>14.0</u>
		130.9
Add proposed expenditure for 1967–68 on[:]		
University	2.9	
Institute of Higher Technical Education	1.1	
Housing Commission	0.5	
Development Bank (say)	<u>2.5</u>	<u>7.0</u>
Add salary increases granted to overseas and local officers (including effect of National Wages Case)		<u>1.3</u>
Possible Budget 1967–68		139.2

12. If we assume that the Commonwealth grant should represent between 55 and 56 per cent of the total Territory Budget (the Minister's figure is 55.8 per cent), the amount of grant to be provided towards a budget of \$139.2 million would be about \$77 million. The matter can, however, be looked at in another way. If we take the Administration's estimate of local revenue receipts of \$56 million (after any necessary new measures) and add to that a figure of loan receipts of \$7.0 million (which I believe to be nearer the mark than the Administration's estimate of \$8.05 million), a grant of \$77 million would allow introduction of a budget totalling \$140 million—an overall increase of 15.9 per cent on 1966–67: the average annual increase in Administration budgets over the last three years has been 16 per cent.

13. All in all, I am prepared to support a grant of \$77 million, which would be 10 per cent greater than our original grant last year. This would be on the understanding that not more than \$2.5 million is contributed to the Development Bank from the Territory budget and assumes that the Bank will have to find this year the \$500,000 required as a capital subscription to Harrisons and Crosfield.

14. I agree with the Minister that should the House of Assembly attempt to vary the budget in a way unacceptable to the Government the amount of the grant and arrangements for Australian assistance should be reviewed by Cabinet.

[NAA: A5842, 364]

135 NOTE BY DEANE¹ ON CABINET SUBMISSION NO. 401²

Canberra, 17 July 1967

CONFIDENTIAL

Grant for Papua and New Guinea Administration in 1967/68

A sizable increase in the Commonwealth grant is again inescapable if the Territory is to continue to move towards economic viability and political self-determination.

2. We are inclined to agree, however, with the Treasurer's recommendation that the grant should be \$77m. and not \$81m. as proposed by the Minister.³ This represents a 10% increase on the original grant approved last year, and on the Treasurer's reckoning would allow the introduction of an Administration budget close to 16% higher in total than in 1966/67. This rate of increase, coupled with a willingness to consider increasing the Development Bank's capital later in the year if necessary, is certainly not ungenerous.

[NAA: A5842, 401]

136 CABINET DECISION NO. 417 (M)

Canberra, 19 July 1967

CONFIDENTIAL

Submission No. 401—Grant for Papua and New Guinea Administration in 1967/68¹**Submission No. 364—Analysis of Submission No. 401: Grant for Papua and New Guinea Administration²**

The Ministry approved a Commonwealth grant of \$77.6m. for the Papua and New Guinea Administration in 1967/68.

2. Concerning the Papua and New Guinea Development Bank, the proposal of paragraph 10 of the Treasurer's Submission No. 364 was adopted—that is to say, that a capital payment of \$2.5m be provided for the Bank in 1967/68 with an arrangement that if, during the year, the demands on the Bank are greater, the Treasurer would be prepared to discuss with the Minister the possibility of increasing the Bank's capital later in the year with a view to making an appropriate Submission to Cabinet. It was noted that the Treasurer had it in mind in the Budget Speech to refer to this possibility of review of the capital provision for the Bank.

3. The policy basis relating to the House of Assembly, referred to in paragraph 12 of the Submission of the Minister for Territories, No. 401, was endorsed.

[NAA: A5842, 401]

1 The note was endorsed by Bunting.

2 Document 132.

3 See Document 134.

1 Document 132.

2 Document 134.

137 NOTES OF DISCUSSION BETWEEN DOT AND DEA OFFICIALS¹

Canberra, 27 July 1967

SECRET

*[matter omitted]***(e) West Irian Refugees**

Mr. Ballard raised the question of possible action against West Irian refugees in T.P.N.G. who were indulging in anti-Indonesian political activities. He pointed out that these refugees were also becoming quite heavily involved in local politics. In the following discussion it was recognised that it would not be legally possible to ban the Port Moresby branch of the Papua National Front, nor would it be politically desirable to deport its main activists to West Irian.² Nevertheless, it was felt by all present that something had to be done to discourage this kind of activity.

ACTION TO BE TAKEN

It was agreed that the Department of Territories would study, with the assistance of expert legal advice, the possibility of dispersing the hard core of the Papuan National Front from Port Moresby to various outlying areas. This seemed to be the only realistic way of reducing their anti-Indonesian activities.³

[NAA: A452, 1967/4460]

138 SAVINGRAM, LOVEDAY TO DEA

Djakarta, 18 August 1967

38. CONFIDENTIAL

Refugees from West Irian

During discussion of aid and other matters with Malik on 18th August I brought the subject round to West Irian, including the matter of refugees crossing into TPNG from West Irian. I said that while on leave in Canberra I had found that this problem, and other

- 1 Territories was represented by Ballard, Legge, and A.L. Douglas (position unidentified), and DEA by Anderson, Starey, R.F. Osborn (Assistant Secretary, South East Asian Branch), and Mary McPherson (Economic and Social Section, UN Branch). Present also was G.W. Toogood, Assistant Secretary, International Relations and Internal Affairs, Department of the Administrator, PNG.
- 2 In a memorandum to DOT of 20 July, Hay had written that the political activities of some West Irianese in PNG—'notably F.N.P. supporters'—constituted 'breaches of the undertakings they signed when granted permissive residency'. The Administrator opined that if repatriated, 'it is likely that they will suffer imprisonment, possibly execution, by the Indonesian authorities'. He recommended West Irianese be given a 'final caution' and noted that legal advice was being sought on the implications of UN High Commissioner for Refugees (UNHCR) guidelines on repatriation, should it be 'necessary to initiate action to return any ... Irianese' (NAA: A452, 1964/2188).
- 3 A footnote here in the original reads: 'The meeting was advised that the Papuan National Front now consists of 127 financial members with a hard core of 8 or 9 activists in Port Moresby. The Front charges an annual membership subscription of \$2 a head and it distributes badges and literature printed in the Netherlands. The leading figure in the Papuan National Front in T.P.N.G. is Hamadi, who lives in Madang. In Port Moresby the leading figure is Sarwom'.

matters relating to our joint border with Indonesia were being given the Government's closest attention, it being appreciated that constant care and goodwill would be necessary to avoid misunderstandings between Australia and Indonesia.¹

2. I reviewed with Malik our previous discussions, particularly following the sudden increase in border-crossings in March of this year. He recalled clearly the Australian intention at that time to keep the matter in as low a key as possible and our policy of returning as many as possible of those who could be persuaded to go back. I went through the figures since, showing the decrease that had occurred, and we both expressed satisfaction that the subject had not made the news recently. Malik said that he had given instructions that no one was to stir up publicity on this subject; when I mentioned the one critical comment that had been made Malik hastened to assure me that he had moved to prevent any recurrence.

3. In discussing our policy of persuading people to return, I pointed out to Malik that we were not completely free agents in that we had to bear in mind international law and practice in respect of the rights of refugees, and I made a single glancing reference to the existence of the Office of the High Commissioner for Refugees. I added however that we refrained from using terms like 'political asylum' and 'persecution'. Malik said he understood the point and was grateful for the way we were handling things.

4. I said that I hoped that if any problem arose involving refugees, either in the Ministry of Foreign Affairs or among Malik's colleagues, the Indonesians would discuss it privately with us rather than making the issue public. This would either solve the problem or at least lead to it being presented in the way least damaging to our mutual interests. I said that if, for example, criminals or law breakers fled across the border, we would be interested to have from the Indonesians full details of their crimes so that we could examine what, if anything, could be done to remedy the situation. Malik said this was the right way to handle things.

5. In talking of the problem of refugees, and later on in regard to the 1969 ascertainment in West Irian, I said that the Australian Government wanted Indonesia to know that it harboured no ulterior designs of any kind so far as West Irian was concerned. Malik said he accepted this. Pursuing the point I said that in the light of past history it would be understandable if some people, for example some Army officers who might have been closely concerned with the West Irian campaign, might continue to have suspicions about Australia. Would Malik, if these things came to his notice, disabuse the minds of the doubtful ones—or tell me so that I could explain our bona fides to them. Malik reiterated that he was persuaded and that there was no room for doubt about our motives. In this regard he recalled his frank and satisfactory discussions with Mr Hasluck on the latter's two previous visits to Indonesia.²

[NAA: A1838, 936/6/5 part 2]

1 See Document 113.

2 See footnote 6, Document 54.

139 SUBMISSION NO. 440, BARNES TO CABINET

Canberra, 21 August 1967

CONFIDENTIAL

Papua and New Guinea: constitutional development

This submission discusses the recommendations of the final report of the Select Committee on Constitutional Development appointed by the House of Assembly for Papua and New Guinea. This report was adopted unanimously by the House of Assembly on 8th June, 1967. A copy of the report is Attachment 'A'.¹

2. The recommendations of the final report do not conflict with the principles decided by Cabinet to be applicable if there was strong and widespread popular support towards increased participation in the executive government by elected members. (Cabinet Decision No. 23 of 1966.)² These requirements are listed at Attachment 'B'. Several points in the report, however, require consideration.

Ministers

3. The Committee's recommendation is that seven elected members be appointed as 'Ministers' to share responsibilities with the Departmental Heads concerned for departmental policy and for the overall activities of those departments. Disagreements between a Minister and the Departmental Head would be decided by the Administrator. In the House of Assembly a Minister would represent his department, introduce legislation, answer questions, etc., on matters concerning his department. The report does not state which departments should be represented by Ministers and proposes that this be decided at the time of their appointment. I would propose that the Act specify that this, and the allocation of portfolios, should be in the hands of the Administrator.

4. The report states (paragraph 7) 'The Committee appreciates that until the people of the Territory determine their own political and constitutional future, the duty and responsibility of administering the Territory rests with the Administrator acting on behalf of the Australian Government'. The Committee also makes clear (paragraph 25) that the failure by the House to pass legislation sponsored by a Minister should not be regarded as a vote of no confidence in the Minister or as a cause for his resignation. This, together with the provision that disagreements between a Minister and the Departmental Head would be decided by the Administrator, make it clear that it is not the intention that the authority at present exercisable by the Australian Government should at this stage be transferred to Ministers responsible to the House of Assembly.

5. There are objections to using the title of 'Minister' for members who do not exercise ministerial responsibilities in the accepted sense. It could lead to everyone concerned—including the public, officials, and the 'Ministers' themselves—looking to the holders of these offices to act as Ministers in the true sense and expecting them to exercise all of the authority that this involves.

6. I attach considerable importance to avoiding the use of the terms 'Minister' and 'Assistant Minister' at a stage of political development where a full ministerial system is

1 See Document 118.

2 Document 13.

not being introduced and has not been sought by the people. It would be undesirable to use terms which misrepresent the real position and produce a real prospect of evolution towards self-government through the back door without further decision by the Australian Government and without further consultation with the people of the Territory and possibly contrary to the wishes of the majority of them.

7. The majority of the Select Committee rejected the alternatives of 'Ministerial Member' and 'Parliamentary Secretary' which were suggested during the Committee's discussions. They believed that the offices should be given the additional status implied by the title 'Minister', and this was in accordance with the views of the majority of the people when the Committee sought public views.

8. Some reaction in the Territory could be expected if the titles 'Minister' and 'Assistant Minister' were not accepted. There is a feeling among some members of the House of Assembly that reports of committees of the House should be accepted even when those members do not agree with the action recommended.

9. Nevertheless, I consider that in this respect the Committee's report should not be accepted and the expression 'Ministerial Member' should be adopted instead of 'Minister'.³

Other recommendations

10. Other recommendations which I consider could be accepted (with one exception which is consequential on the views stated above) are—

- (i) Re-name the Administrator's Council as the 'Administrator's Executive Council' and recognise that 'subject to the Administrator's responsibility to administer the government of the Territory, the Administrator's Executive Council be the principal instrument of policy of the Executive Government of the Territory'.
- (ii) The Administrator's Executive Council to consist of the Administrator, three official members of the House of Assembly, seven 'Ministers' (or 'Ministerial Members') and one additional member of the House of Assembly appointed at the discretion of the Administrator. This would be an increase of one elected member over the membership of the present Administrator's Council.
- (iii) That the powers and duties of 'Ministers' (or Ministerial Members') be reviewed by the House after a minimum period of two years.
- (iv) For departments not represented by 'Ministers' (or 'Ministerial Members'), Assistant Ministers be appointed from the elected members of the House to work with the Departmental Head and to undertake specified work of a ministerial nature within the Department. In essence these appointments would replace the present Parliamentary Under Secretaries. Consistent

³ During a visit to Port Moresby in July, Warwick Smith was informed by Hay that the term 'Ministerial Member' would not 'raise insuperable problems' (note, Warwick Smith to Swift and Ballard, 10 July 1967, NAA: A452, 1967/4292). In Canberra, Deane and Pearson of PMD commented that 'We would not take great issue [with the term 'Ministerial Member'] but consider that the disadvantages might be outweighed by the virtues of accepting in toto the Committee's recommendations. Further, the Territory is building up its own administrative system. Does it matter if its nomenclature differs from ours?' (note on Cabinet submission no. 440, 28 August 1967, NAA: A5842, 440).

with the views expressed above, I propose that the term 'Member' be adopted instead of 'Assistant Minister' (e.g., Member for Lands, Member for Forestry, etc.).

- (v) 'Ministers' (or 'Ministerial Members') and 'Assistant Ministers' (or 'Members') be appointed by the Minister for Territories on the recommendation made through the Administrator by the House of Assembly after nominations had been made to the House by agreement between a committee of five elected members and the Administrator. Appointments would be terminated in the same way.
- (vi) The Territory to continue with a single budget covering all aspects of government spending, both Australian grant and Territory revenue, the final responsibility within the Territory for advising the Administrator on budget policy and planning to lie with the Administrator's Executive Council, with an additional link between the House and the Government in budgetary matters being formed by the appointment of a Budget Standing Committee of the House comprising five elected members not being 'Ministers' ('Ministerial Members') or 'Assistant Ministers' ('Members').

Recommendation

11. I recommend—

- (a) acceptance of the recommendations of the Select Committee, with the exception that the terms 'Ministerial Member' and 'Member' be used instead of 'Minister' and 'Assistant Minister';
- (b) that I be authorised to announce the Government's decisions on the Select Committee's report by a statement in the House of Representatives at a convenient time;
- (c) that approval be given for amendments of the Papua and New Guinea Act to give effect to the decision in (a) above, including provision in the Act for the appointment, duties and authority of 'Ministerial Members' and 'Members'.⁴

[NAA: A5842, 440]

4 Cabinet endorsed Barnes' recommendations on 7 September 1967 (decision no. 558, NAA: A1838, 936/5 part 6)—though a minor adjustment was made in mid-October. Hay reported to Warwick Smith that the Administrator's Council had 'express[ed] concern about [the] term "Member" on grounds that it would be confusing in view of existing usage in [the] House (eg. Member for Milne Bay, etc)'. Hay commented: 'I myself have reservation about "Member" and prefer [the] Council alternative. I also see advantage in it because it is a Council suggestion' (unnumbered telex, 13 October 1967, NAA: A452, 1967/5895). Thus, on 17 October Barnes 'informed the Cabinet that the Administrator's Council had accepted the term "Ministerial Member" but wished the term "Assistant Ministerial Member" to be adopted instead of the term "Member" ... Cabinet indicated that it had no objection' (Cabinet decision no. 648, 17 October 1967, NAA: A1838, 936/5 part 6). The Minister's statement on constitutional development, as approved in paragraph 11(b), was made on 26 October (see *Current Notes*, vol. 38, 1967, pp. 518–20). With regard to paragraph 11(a) and its approval, Barnes remained vigilant in his opposition to any use of the term 'Minister'—as demonstrated by his vetoing in 1968 of an Administration proposal to address Ministerial Members (MMs) verbally as 'Mr. Minister'; they were to be called 'Mr. Ministerial Member' or 'Sir' (submission, Ballard to Barnes, 16 October 1968, NAA: A452, 1968/3921).

140 MEMORANDUM, DOT (ROSE) TO DEA

Canberra, 23 August 1967

United [Nations] Visiting Mission to the Trust Territories of Nauru and New Guinea 1968¹

I wish to refer to my memorandum dated 28th July,² and to telephone discussions between your Mr Wilson³ and Mr Rose of this Department.⁴

2. The views expressed in cables UN.1016⁵ and UN.1024⁶ were conveyed to the Administrator of Papua and New Guinea. His views are set out in the attached telex message.

3. This Department would prefer that the United Nations Visiting Mission does not visit New Guinea during the elections—and in any case would wish it to visit Nauru first.

4. We consider that the views expressed by the Administrator in Paragraphs 1 to 3 of the attached telex message are reasonable and would of course have to be accepted if the visit takes place during the elections. The Visiting Mission would have to understand that if it visited the Territory during the election, it would not be accorded treatment which visiting missions usually receive, that the election itself will have disrupted normal activities in the Territory and that the results of the poll will not be known until towards the end of March.

5. So far as the whispering vote is concerned,⁷ we would not wish to put ourselves on the defensive. We recognize it as essential and unavoidable and would think this should be stated in reply to any criticism which may be voiced. We should, however, be glad of your views on this aspect.

1 For background, see Document 129.

2 It commented that the possible effect of the visiting mission on efforts to finish polling on time was 'causing concern' and requested DEA to ask the Australian Mission at the UN to suggest that the visiting mission arrive no earlier than 15th March, the day before the start of voting (NAA: A452, 1967/4226).

3 A.C.F. Wilson, Acting Head, Dependent Territories Section, DEA.

4 Not found.

5 It conveyed a response to the suggested arrival time of the visiting mission. New Zealand, which was expected to provide the chairman of the mission, remarked that such timing would be a 'pity', as it would deprive the mission of 'seeing what will be a well conducted and free election in the Territory'. Second, 'if the mission does not arrive until after the election is over, then at least one of its members, Liberia, and most of the Fourth Committee will think that Australia has something to hide', which would mean Australia 'would get no credit for the fact that an honest election has been held'. The New Zealand Mission to the UN proposed that the decision be reviewed (Australian Mission to the UN New York (UNNY) to DEA, 16 August 1967, *ibid.*).

6 It referred to the views of Paul Gaschignard, officer responsible for colonial and trusteeship questions at the French Mission to the UN, who said 'practical difficulties' should not prevent the visiting mission from 'seeing something of the elections'. He predicted a 'bad reaction amongst some of the Africans who would interpret our difficulties, however real, as an indication that we had something to hide even from the Trusteeship Council'. The cable noted that Gaschignard 'is close to many of the Africans and we have respect for his views' (UNNY to DEA, 18 August 1967, *ibid.*).

7 See attachment.

Attachment**TELEX, HAY TO DOT**

Port Moresby, 22 August 1967

421.

... Administration has no objection to UNVM arranging its itinerary so as to see some electioneering and polling during House of Assembly elections but following points need careful consideration

- (1) During polling period virtually all district staff and district transport resources are necessarily diverted from normal duties. Before arriving Mission will need to understand clearly that if it wishes to tour districts during polling period, Saturday February 17th to Saturday March 16th, it cannot expect to receive the red carpet treatment normally accorded a UNVM, and it will not be able to engage in any activities that could be construed as interfering with the conduct of the elections or influencing voters. Mission's ability to hold meetings with indigenous leaders and officials will be necessarily limited, and it would be highly improper for any UNVM members to make public statements on the elections or on Territory constitutional developments during the polling period.
- (2) Polling in all main townships will start and finish on Saturday February 17th, after which polling teams will disperse to pre-arranged polling stations throughout each district. This liable to complicate Mission's movements.
- (3) Counting of votes will not commence until voting period finishes on night of Saturday March 16th and results will not be known until declaration of poll towards end of March.
- (4) Major problem will be probable criticism and exploitation by Liberia of whisper ballot system which is used when illiterate voter requests assistance from presiding electoral officer in marking ballot paper. Whisper ballot necessarily used to some degree all polling stations including major towns where large numbers illiterate migrant labourers record absentee votes. In rural areas electoral officer recording whisper ballot frequently must use interpreter. Quite apart from UNVM aspect rapidly increasing nativisation of electoral staff has underlined need to eliminate whisper ballot as much as possible. Matter has already been given considerable thought. Obvious modification is association of symbols with photos of candidates, and reproduction of these symbols against names of candidates on ballot papers. This approach still leaves many unsolved problems regarding such matters as possible special significance of some symbols in particular areas, inability of some primitives to recognise photographs, inability of illiterates to write figures or even to handle a pencil, etc. These aspects still being studied. Appreciate your comments above points. Note that all above election dates are as yet tentative and could be varied by House of Assembly at forthcoming meeting.

141 NOTES ON DISCUSSION BETWEEN WARWICK SMITH AND PNG LEADERS¹

Canberra, 25 August 1967

Dr. Taureka explained that they had been invited to Australia by Mr. Beazley, M.P.,² on behalf of Moral Re-Armament. While they were in Canberra they were taking the opportunity for informal discussions with various people. They did not come here to lobby on behalf of the Pangu Pati.

Visitors to Territory

- Mr. Goava said that when the Minister and Senior Officers visited the Territory provision should be made for discussions with people who could put Territory views. The Administration arranged itineraries for the Minister etc and it was impossible to see visitors.
- Mr. Kiki said that the Administration always put in 'yes' men like the under-secretaries who would say the right thing.
- Dr. Taureka stated that many people felt that they were blocked off from putting their views officially. This was a bad thing. The opportunity should be available to all groups to meet the Minister etc for discussions.
- The Secretary appreciates these points. The difficulty appeared to be when visitors were in Port Moresby. It was not easy to make arrangements to take into account all the people who might want to have discussions. Outside the Port Moresby area the same problem did not apply. On his recent visit to the Territory he had met a lot of people informally. One of the reasons for visiting the Territory was to hear other views and criticisms of what was being done.

Local officers' salaries

- Mr. Goava referred to great discontent among local officers with present salaries.³ The Government had gone back on promises given by Mr. Hasluck that local officers who qualified for higher positions would receive the same basic salaries as overseas officers.
- They wanted an appeal to three judges from the Arbitrator's decision. Would the Government agree?
- Local officers should receive as a basic salary two-thirds of the Australian basic wage.

1 Goava, Maori Kiki, Walo, Taureka, Osineru Dickson (executive member of the National Progress Party, which was formed in November 1967) and Gadosisi Siliki (occupation unidentified).

2 K.E. Beazley, ALP member for Fremantle and vice-chairman, Joint Parliamentary Committee on Foreign Affairs.

3 In its assessment for August, the TIC judged that 'While there is Territory wide dissatisfaction with the outcome of the Local Officers Salaries Determination, the reaction has not been nearly as forceful as was anticipated in assessments made prior to receipt by Local Officers of their actual wage under the new award' (MIS no. 8/67, 8 September 1967, NAA: A1838, 936/3/15 part 4). Assessments for September and October were that the situation in the Territory was 'quiet' (MIS no. 9/67, 6 October 1967, *ibid.*, and MIS no. 10/67, 3 November 1967, NAA: A1838, 3036/14/1/6 part 7).

- The Public Service should be paid higher wages than other people. Many local officers were becoming disillusioned with the Service. Australia should meet the extra cost of raising salaries.
- There was discrimination in housing; local officers had to pay for rent but overseas officers had a special allowance for rent.
- Mr. Kiki said he had a petition signed by 1000 local officers asking for provision for appeal from the Arbitrator's decision.
- The Secretary—explained Government's views on salaries for overseas and local officers. P.N.G. would not be independent if in fact it had to rely on {heavy} financial grants from Australia and other countries.
- The question of an appeal from the Arbitrator's decision was a difficult problem. He could only repeat what the Government had already said. It was appreciated that the local officers felt concern at this matter—the position of the Government had to be appreciated also.
- If higher salary was paid to local officers than to other members of the community what would those people think? If you raised local officers' salaries this would affect salaries elsewhere. Costs of production in agriculture would rise and Territory would not be in a position to compete with other countries for markets for these products.
- Mr. Goava referred to mixed-race people who received salaries based on rates for overseas officers. Why should a person who was half-Papuan receive more than a Papuan who worked hard?
- The Secretary—a line had to be drawn somewhere. Realised that this raised difficulties and could be unfair in some circumstances. The test was whether a person could be allowed to enter Australia and work here. If this was so he was paid at overseas rates. (This led to discussions on Australia's immigration policy. Australian policy was explained. In P.N.G. the Government's policy was to avoid the problem of mixed racial communities met in Fiji, Ceylon. All the Government was interested in doing was holding the position in P.N.G.—when self-government came P.N.G. would determine its own policy in this regard.)

Political development

- Mr. Goava questioned the Government's policy that the move to self-government must be supported by a majority of the people. The Government had established a Legislative Council for the Territory without seeking the people's views on this.
- The Secretary—the watershed of political development in the Territory was, in his view, the establishment of the House of Assembly. The stages of political development should be counted from when the Territory legislature was given a majority of elected members.

1968 Elections

- Mr. Kiki said that some Administration field officers were opposed to the Pangu Pati and were influencing people against the party. They knew the officers concerned but it was up to the Administration to find out the names of these people. There had been influence by Administration officers in the 1964 elections.

It was important to the Pangu Pati, which was at this stage expressing a minority view, that it should have a fair deal in the elections.

- The Secretary—did not accept that field officers had acted improperly during the 1964 elections. He had no reason to believe other than that the Administration attitude to political parties was one of {impartiality}. He agreed that the Pangu Pati was entitled to a fair deal at the elections in accordance with democratic principles.⁴

[*matter omitted*]

[NAA: A452, 1966/4576]

142 MEMORANDUM, DEA (PETHERBRIDGE)¹ TO DOT

Canberra, 30 August 1967

CONFIDENTIAL

1968 Visiting Mission to Australian Trust Territories

Please refer to your memorandum of 23rd August, 1967, and its attachment,² concerning suggestions, relayed through the Australian Mission to the United Nations, that the United Nations Visiting Mission's visit to New Guinea be so arranged as to allow Mission members to observe some part of the elections to the House of Assembly to be held in February/March, 1968.

2. We appreciate fully the pressures under which the T.P.N.G. Administration will be labouring during the polling period and that the arrival of the Visiting Mission would represent an additional heavy administrative burden. However, we feel that the points made to our Mission in New York by friendly delegations are valid. We also see merit in their own observations that the Mission's presence would help in some way towards what has been established as our wish to see the authority of the Trusteeship Council sustained and in resisting the Committee of Twenty-four's pressures to have Visiting Missions of that body go to dependent territories. We also feel that a decision which did not allow for some observation of these elections would be misconstrued in the United Nations no matter how valid our reasons for it might be.

4 In a letter of 7 September, Warwick Smith wrote to Hay that 'Predictably' much discussion with the group had centred on the arbitrator's decision and that while 'Nothing new in the way of argument was put forward ... the discussion was very useful as an opportunity for the exchange of views' (NAA: A452, 1966/4576). On return to PNG the group told Hay they had 'been much impressed with the Australian leaders and with their understanding and sympathy with the Territory ... They had come back with a firm conviction that what this country needed was dedicated, and not fanatical, leaders. They were asking themselves the question whether those who were standing for the House of Assembly had this spirit of dedication or whether they were motivated by such things as fanaticism'. The group also said they 'believed firmly in the message of Moral Rearmament' and wanted to get its message across to the people of PNG—perhaps by building a centre in Port Moresby 'where all races could get together' (minute, Hay to Fenbury, 7 September 1967, NAA: M1866, 1).

1 J.D. Petherbridge, Political Affairs Section, UN Branch, DEA.

2 Document 140.

3. It is appreciated that the 'whispering vote' could draw criticism from the Liberian member, and subsequently in the General Assembly. This can surely be defended in the circumstances of New Guinea, and we would expect it to be treated in an understanding and reasonable manner by the other members of the Mission.

4. I am attaching a draft telegram to New York in which we would agree that the Mission should see something of the elections. This draft provides for a visit first to Nauru and we note that this accords with a wish expressed by the French Mission in New York because it would allow more time to complete the Mission's report before the Trusteeship Council meets.

5. We cannot see that the Mission could aim at arriving in New Guinea to observe the elections in towns on February 17th. It is suggested that it arrive towards the end of the election period when the itinerary could no doubt be adjusted to allow for observations at some centres. This telegram would ensure that the points in paragraphs 1 to 3 of the Administrator's message were fully noted, particularly that the Mission should not engage in any activities that could be construed as interfering in the elections.

6. I would be glad of your advice as soon as possible as to whether you could agree to a telegram along these lines, and if so, whether the draft attached³ would appear to serve these purposes. Please advise also whether you would suggest any amendments to it.⁴

[NAA: A452, 1967/4226]

3 Not printed.

4 A marginal note of 30 August by P.J. Galvin (OIC, International Relations Section, DOT) for Ballard read: 'Leaving aside the practical problems of moving the Mission about, are we satisfied that there will be anything worthwhile to see? They will certainly be able to see the counting, and some voting, but probably little electioneering ... If we are satisfied that such a programme will allow the Mission to see "something of the elections", I propose that we accept the E.A. view and agree to the draft cable' (NAA: A452, 1967/4226). In another marginal note of the same day, Galvin noted that he had discussed the matter with Ballard and that an amended draft had been sent to DEA. The substance of Document 142 was conveyed to New York shortly thereafter: the cable argued that the difficulties of hosting the mission during polling were 'outweighed by the possible misconstruing of some of our reasons for preferring a later visit', and a visit for the last week of polling was suggested. However, the UN was to be told that the mission 'cannot expect to receive the "red carpet" treatment'; that the mission would have to avoid the perception of interfering with the elections; that the opportunity of meeting indigenous leaders and officials would be limited; and that the mission would be expected to desist from public comments on the election or constitutional change. The substance of paragraph three above was also conveyed, with the supplementary comment that the whispering vote was 'likely to become particularly apparent to the mission if it watches elections in the more primitive areas. Yet we think it would be more useful if the mission did see elections in these areas ... There is also some concern that the visiting mission and the United Nations generally could become an issue in the elections between the new parties and distort the results, particularly if the Liberian member were improper enough to engage in public comment. This is an additional reason why we suggest that the mission arrive only for the last week or so of the polling period' (cablegram 782, DEA to UNNY, 30 August 1967, NAA: A6366, UN1967/06T).

143 NOTES OF DISCUSSION BETWEEN BARNES AND SHAW

Canberra, 4 September 1967

Mr Shaw, Australian Ambassador to the U.N., New York, called on the Minister prior to returning to New York after a period of leave and consultations in Australia.

Indigenous advisers

- Mr Shaw, expressing regret at his inability to visit the T.P.N.G. during his stay, because of illness, stated that first hand experience was important at the U.N. He instanced the effectiveness of the indigenous advisers.
- Although they needed some personal nursing in adjusting to New York, they added a first hand touch to Australia's presentation.
- U.N. representatives were less likely to be insultingly critical of the advisers—perhaps because they were indigenes and coloured; and because of their official local status which might place them as leaders of an independent state in the future.
- The Minister said he was pleased to learn that the policy of sending indigenous advisers had been successful but cautioned that there was a limit to the number of suitable people from which to choose: the point may have been reached of sending people who had been before; future choice may be limited to the proposed 'Ministerial Members'.
- Mr Shaw confirmed that the selection of the advisers was important: they should be capable of expressing themselves sincerely, if not sophisticatedly, in English; of taking part in corridor and social debate; and must appear to be leaders and not stooges, even if this meant their expressing some minor independence from Australian policy.¹

United Nations criticism

- The Minister asked Mr Shaw how seriously the heavy criticism we receive from the Russians, for example, was taken at the United Nations.
- Mr Shaw said that the constant anti-colonial criticism by the professional critics who are unlikely themselves to be influenced by us was not worrying in itself, even if annoying. In framing replies to critics, greater consideration is given to influencing the moderate groups.
- He accepted as a fact of life at the U.N. that Australia will be invariably in a minority on anti-colonial questions. It was important for international reasons and for home consumption to keep the minority respectable in size and composition.
- The Minister mentioned that he intended to distribute to Members of Parliament a summary of extracts from the transcript of the Trusteeship Council meeting, to demonstrate the expressed views of the indigenous advisers on things like 'Target Dates'. He felt that the highly publicised views of groups like the Pangu Pati did not reflect the will of the mass of the people in the Territory who were against rapid change.

¹ A note of 11 September to Warwick Smith from Malvina Degens (his private secretary) indicates that Barnes later commented, 'I think the point made by Mr. Shaw in para. 5 ... will be important for future selections' (NAA: A452, 1967/6093).

- The Minister said he felt that time was on our side with New Guinea, that people were wary of Indonesia, that the independence movement internationally was slowing down, and that recent Soviet failures to make ground in Africa and from the Middle East conflict would help us.
- Mr Shaw said that anti-colonial feeling at the U.N. had not changed, but pointed out that New Guinea and Nauru are not world issues. The Russian attacks on us there are not significant overall; their main concern is not one of their top flight men.² The Russians are responsible to a point—they do not want another Congo involvement. He doubted, for their own long term interests, that they would support, say, the sending of a U.N. force to Rhodesia.

[*matter omitted*]

General

- Mr Shaw reiterated that the task at the United Nations in relation to the Territories was to show sincerity to the moderate groups and that in this the indigenous advisers were helpful.
- He felt that the U.N. was not so much important for its resolutions but as a means of conducting inter-Governmental relations.

[NAA: A452, 1967/6093]

144 LETTER, HAY TO WARWICK SMITH

Port Moresby, 16 September 1967¹

CONFIDENTIAL

I refer to your letter of 14th June on the subject of relations between the Department and Territorial Administrations.² In my view, your letter sets out a reasonable procedure in the event of disagreement between the Department and this Administration. I share your desire that disagreements be kept to a minimum. I have been giving thought to the methods which might be adopted, not only to resolve disagreements, but in order to reduce the frictions which occasionally occur in the exchanges between the Department

2 Presumably, N.T. Fedorenko, Union of Soviet Socialist Republics (USSR) Ambassador to the UN.

1 The original erroneously locates this document in 1968.

2 It noted that Barnes placed 'some emphasis' on the achieving 'the best possible working relationships between the Department and the Administration' and suggested that both he (Warwick Smith) and Hay had been working at this. Warwick Smith wrote that 'legitimate differences of view' were 'inevitable' and stressed that he was 'concerned here with the machinery that might best be adopted to minimise and resolve differences, and if resolution is not possible, to express and communicate those differences to [the] appropriate authority in a manner satisfactory to all concerned'. To this end, staff in DOT's central office had been issued with an instruction that required officers to 'make every effort to achieve common ground with [the] Administration'; 'afford [the] Administration the opportunity of commenting on new points of substance about a particular proposal and to ascertain its views on points that may not have been covered in the comments already to hand from the Administration'; 'express and communicate a differing viewpoint of [the] Administration in the Administration's own words as far as is practicable'; and 'precede their recommendation with a statement of the position as regards the extent of agreement of viewpoint and consultation'. Rejection of the Administration's advice was to be communicated to Port Moresby by a senior officer in Canberra and the questioning of a decision in Port Moresby was to be conveyed by staff at the same level (NAA: NA1983/239, 49/6).

and the Administration. This has led me to write about a problem which seems to me to be fundamental to an effective relationship between the Administration and the Department—namely—adequate administrative and financial delegations.

From the Administration's point of view, the present arrangements do not lead to smooth and efficient performance. In part, this is due to the necessity to submit for Ministerial decision administrative and financial matters of a size and cost which, as Administrator, charged with the duty of administering the Government of the Territory on behalf of the Commonwealth, I feel should be delegated to me. In the last six months, more and more matters have had to be referred for Ministerial decision in Canberra and greater detail has been required. The area of delegation has been reduced.

In part, the lack of efficiency is due to the volume of detailed administrative queries from the Department; some of these queries have been trivial. Others, though justifiable, have been expressed in terms which have caused irritation ... The volume of queries derives both from the restriction of delegation and also from what might be termed the 'dual system of administration', in which the same type of enquiry is carried out both in Moresby and in Canberra.

To make these remarks is not to question the constitutional authority of the Minister and the position of the Department as his statutory adviser. These are fundamental and are accepted. Indeed, the present framework in which that authority is being exercised in relation to policy matters is one of increasingly taking into account, in the making of decisions, Territory views and opinions as expressed in the House and the Administrator's Council. It is fair to say that this process of consultation is taking place on a broad scale and is effective.

Nor do I refer to lack of consultation with the Administration (as distinct from the Territory bodies) before policy decisions are made. There have been instances where the Administration does not agree with decisions made, but generally speaking, it has had the opportunity to offer its views. In any event, the procedures you have laid down now satisfactorily cover this situation. What is at issue is set down in detail in the following paragraphs.

Delegation of authority

In my view, there is insufficient delegation of administrative or financial authority to enable the Administrator to carry out effectively his statutory task of administering the government of the Territory on behalf of the Commonwealth and in accordance with policy approved by the Minister. In my view, this applies to the Public Service Commissioner also, in his area of responsibility. But it is for him to approach you on this matter. The Administrator holds a formal delegation of \$100,000. In practice, this delegation is limited by various administrative instructions. These involve the submission of all new works proposals of more than \$6,000 for Ministerial approval before inclusion in the Works Programme and of all projects of more than \$20,000 before inclusion in the Design List. I am particularly concerned now at a recent instruction that, before an architectural project of more than \$50,000 is admitted to Design List, the Minister must approve the Architect's brief.

I believe that, for reasons of administrative efficiency, the current administrative restrictions in the Administrator's delegation should be lifted and the amount should be extended to \$250,000. This delegation should cover approval of services, stores and supplies, including admission to Design List and to the Works Programme of capital works. It should also cover the entry into contracts. I also recommend that authority to

write up work in progress and projects after tenders have been received be increased from \$10,000 to \$25,000. The delegations would, of course, be exercised in accordance with approved policies. It would be incumbent on the Administration to develop a system of prior scrutiny of expenditure proposals such as to ensure that the tax-payers' money is not wasted. It will have to find the staff to do the kind of work needed. In the initial stages, it will need assistance from the Department.

The dual system of administration

Accepting the constitutional position, I would like to see a more expeditious procedure than now exists for reaching decisions on policy matters and administrative and financial matters not covered by delegation. I am encouraged to make suggestions to this end because what I have in mind has already been put into practice in relation to this year's budget. My suggestion is that, as a general rule, the initial preparation of submissions for the Minister on these matters should be a joint effort by Administration and Departmental officers. The resources of both bodies could then be regarded as complementary rather than competing. Time consuming duplication of work could be avoided. It is the time taken by the 'second scrutiny' in the Department that causes the greatest concern to me.

The way I see this working would be to have the officers at Assistant Secretary level from the Department visit the Territory at quarterly intervals and for periods of at least a week in order to discuss matters likely to be the subject of submissions from the Departmental Heads. They would actually participate in the preparation of the submission, certainly to the extent of ensuring that all relevant considerations were included, the necessary facts assembled, and questions answered. It would be desirable if, so far as the recommendations were concerned, the Assistant Secretaries were able to discuss them and indicate the likely Departmental attitude. Such participation at this level, or above, would be welcomed by senior officers of the Administration. This procedure would have avoided the kinds of exchange that have recently taken place ...

I emphasise that I am not suggesting that the Minister make his decisions on the basis of inadequately scrutinised submissions. Many of the questions now asked by the Department will, if greater delegations are approved, need to be asked here and the Administration will have to have the organisation and the staff to do this. But the Minister could be better served if the initial process of preparing the submission was a joint, rather than a separate one. I emphasise, too, that I am not seeking to intrude on the Department's statutory function of advising the Minister. Although the initial process of preparation would be a joint one, the submission would leave here in the Administration's name and the recommendation would be that of the Administration. I assume that it would only be placed before the Minister in the context of the Department's advice. But time would have been saved by reducing the need for teleprinter or written exchanges between the Department and the Administration.

I would appreciate the opportunity to discuss these matters with you and with the Minister when I am in Canberra in early October.³

[NAA: M1867, 1]

3 Hay has since explained that although this letter was written barely a year after receiving his initial instructions from Barnes (Document 53)—which included a statement of DOT's role in 'examining all proposals submitted from the various Territories'—he 'very quickly came to the conclusion that the delays involved in reference back to Canberra of so much ... [placed] the whole efficiency of the Administration ... in jeopardy' (Hay interview, 1973–4, NLA: TRC 121/65, 3:1/36–7).

PNG and Britain's application to join the European Economic Community

In a Cabinet submission of 19 September, Minister for Trade and Industry John McEwen explained that in talks with the British in April 1967, it had been agreed that Australian and UK officials should meet after the Kennedy round of the General Agreement on Tariffs and Trade (GATT) to 'explore the possible bases of a new or modified [United Kingdom/Australia Trade] Agreement'.¹ In the interim, Britain had decided to apply for entry into the European Economic Community which, McEwen wrote, 'obviously creates many complications in considering future British/Australia trade relations'. One of these was PNG, with it being 'proposed ... to take advantage of the forthcoming discussions to register with Britain the special problem of exports from Papua and New Guinea, and the need for appropriate safeguards for Territory products in the event of Britain joining the E.E.C.'. In a brief for the official chosen to represent PNG, E.J. Wood (Assistant Secretary, Resources Development Branch, DOT), Territories wrote that

In consultations with the British a major aim is to stress the need for expanding P.N.G. trade to assist in building up a viable economic and social structure in P.N.G. and to emphasise the importance of continued preferential treatment in the British market ... It is obvious that a difficult position would arise if tropical products from L.D.C.'s² (Commonwealth or other) were given improved access to the U.K. market. We would want consideration given to extending similar arrangements to the products of Papua and New Guinea ... We would stress the unique position of Papua and New Guinea ... It should be emphasised that something is being sought, not for Australia itself, but for a dependent and backward territory. New Guinea is a United Nations Trust Territory and both the U.K. and E.E.C. have an obligation under the U.N. Charter to promote the welfare and advancement of this Territory. Australia as the Administering Authority has a major task of ensuring the rapid economic development of P.N.G.; at present the direct cost to Australia is in excess of \$100m. per annum.³

Talks began in London on 21 September.

1 Cabinet submission no. 466, 14 September 1967, NAA: A452, 1967/6213. The trade agreement had been negotiated in 1957.

2 Less (or least) developed countries.

3 Attachment to minute, Gutman to Warwick Smith, 19 September 1967, NAA: A452, 1967/6213.

**145 RECORD OF CONVERSATION¹ BETWEEN FAIRHALL, BARNES,
FRASER, HICKS,² WHITE³ AND WARWICK SMITH⁴**

Canberra, 18 October 1967

SECRET

**Local defence forces
Papua and New Guinea**

Mr Fairhall drew attention to the concern of the Minister for Territories that in the event of Australia's early departure from Papua and New Guinea as a result of various pressures for independence, the army could become the dominant force in the Territory. He suggested that as the various departments concerned had different problems it was necessary to bring their combined wisdom to bear on them and try and arrive at an objective solution. In the first place there was the political problem. Territories had the difficult task of trying to lead the people to independence and it would be unwise to introduce false standards into the country or to raise an elite which could create problems. He suggested that the best solution would be the one which was most in keeping with Australia's national aims for the Territory.

Mr Barnes said that he had no argument with the P.I.R. itself which he thought was doing a good job and would play an important part in the Territory's future. However, we had before us examples of army take-overs in other under-developed countries and we must try to avoid this happening in P.& N.G. He was concerned that too rapid expansion of the local forces could result in inadequate discipline. Already there had been examples of what could happen, e.g., the P.I.R. riot in 1961⁵ and the disturbances among both the P.I.R. and the police in relation to the wages question in 1966, when the situation had been very touchy.⁶ We could not afford to be in a situation where these groups were not under proper control. There were lots of problems ahead which would generate forces over which we would not have control, but we did have control over the P.I.R. There was of course the problem of Indonesia, but he felt that further expansion of the P.I.R. should be held up until we were sure we had a group we could depend on. The Papua and New

1 The record used is a draft.

2 Sir Edwin Hicks, Secretary, Department of Defence.

3 Bruce White, Secretary, Department of the Army.

4 The meeting was held subsequent to Barnes' objections to Defence Committee consideration (see attachment B, Document 111 and Document 119). In DEA, Ashwin explained that the problem had been 'withdrawn from consideration in the formal machinery' because 'Territories at a high level asked Defence to have the issues handled in such a way as to preclude too much service involvement ... and to restrict knowledge of discussions' (minute to W.B. Pritchett (Head, Defence Liaison Branch, DEA), 6 December 1967, NAA: A1838, 689/1 part 4).

5 On 3 January 1961, the Commander of the PIR had ordered the arrest of seven soldiers believed to be leaders of a proposed strike. Afterward, 70 other soldiers broke barracks and marched toward the jail in Port Moresby where their comrades were held. They were intercepted by officers and NCOs who, with the assistance of police, arrested the marchers (cablegram AP Guidance 1, DEA to all posts, 13 January 1961, NAA: A452, 1962/8172). Seventy members of the PIR were subsequently dismissed (see letter, Cleland to C.R. Lambert (then Secretary, DOT), 2 February 1961, *ibid.*).

6 See, for example, Documents 2, 35, 41–2, 45–6 and editorial notes 'Industrial unrest: announcements on police and PIR conditions of service' and 'Internal security planning'.

Guinea people were a very emotional people and the influence of demagogues could lead to a violent explosion.

On the other side there was the political question and the question of standards—housing, food, pay, etc. Although we had been able to bring standards closer, Army were still ahead and we must still try to get some equality in standards, especially between the P.I.R. and the police. We had faced up to the salaries problem which had created a situation that had been difficult to hold, but we did so despite the criticism. There was also the economic aspect of the problem. It was Government policy to advance the people politically, socially and economically until they were ready for self-government. How long this would take one could not say, but the economic situation would continue to be pretty difficult for a long time unless the Territory struck oil, and the defence forces should be set at a level which the Territory economy could support.

Again, there was the question of constitutional reform, a further step in which would be taken next year with the introduction of a form of Ministerial government. Members of the House of Assembly would be given responsibilities in relation to particular departments of the Administration and would take their place in the newly constituted Administrator's Executive Council. Some relationship would have to be developed between this group and the Army. We had already made some progress with the Australian Broadcasting Commission and if Australia were to suddenly hand over its responsibilities to a Territory government a local Broadcasting Commission would be in existence which could take over from the A.B.C.

Mr Warwick Smith mentioned that the Administrator's Executive Council would throw up new kinds of problems and that it would be necessary to have some sort of system in readiness for this so far as the relationships between the Administration and Army and Defence were concerned.

Mr Fraser said that after listening to Mr Barnes he felt that Territories and Army were less far apart than had been thought. We must work out our problems jointly. As regards housing, at the time the decision to build up the P.I.R. was taken, Army had had discussions with Territories about standards and had built to the standards agreed upon. He felt that it was Territories' position that had changed since. Army had built with the aim of keeping maintenance costs low and as the construction programme was now almost complete nothing much could be done at this stage to reduce the standards already adopted.

Regarding the build-up of the P.I.R. he mentioned that he had written to Mr Fairhall earlier this year saying that it would be desirable to slow down the rate of expansion towards the target of 3,640 Pacific Islanders and 650 Europeans by 1968,⁷ which Cabinet had approved in December, 1964. The main reason was that with National Service and the build-up in Vietnam there was difficulty in providing suitable European staff for the P.I.R. It would be unwise to continue recruitment without an adequate number of officers and N.C.O.'s capable of assimilating Pacific Islanders into the Army and training and controlling them. Recruitment was still running below the level necessary to achieve the target and he felt that if we could look to reaching a figure of about 3,000 (not necessarily within the next year or two) there would not be too much difference between the views of the two Departments. He thought a figure of 3,500 in the longer term would not be unrealistic, but would be happy to see this put off for several years provided Army could

⁷ See attachment A, Document 111.

have reasonable occupancy of the establishments that had been built. A strength of 3,000 would probably be sufficient for this.

Mr White mentioned that it would be necessary to get Cabinet endorsement if it were decided to hold the level at about 3,000 for the time being.

Mr Fraser went on to say that, although he was not so much concerned about P.I.R. numbers, he *was* concerned about the rate of Pacific Islander officer production. Local officers must not only be good militarily but must recognise their subordination to the civil authorities. Army education programmes laid great emphasis on this. He felt that the loyalty of the P.I.R. was improving and would be nearly on a par with that of the police. His main problem now was to get enough Pacific Islands officers of a high enough calibre to enable the Australian element in the P.I.R. to be phased out at the appropriate stage. So far Army had only been averaging 1¾ P.I. officers a year.⁸

Mr Barnes and *Mr Warwick Smith* mentioned that not enough students were coming forward at present at a high enough standard to meet the needs of the Administration and the various tertiary institutions, but agreed that something would nevertheless have to be done to improve the P.I. officer position.

Mr Fairhall pointed out that Army's problem regarding officers could become Territories' problem if it were not solved and agreed that Army was right in insisting on high standards for P.I. officers.

Mr Barnes agreed that they should have the best.

In reply to a question by *Mr Fairhall* as to whether there was any worry about standards at this stage *Sir Edwin Hicks* stated that inter-departmental committees were at present working on questions of housing and rationing standards. He went on to say that it would be necessary to think right through the new problem posed by constitutional development in Papua and New Guinea.

Mr Fraser said that as the P.I.R. was being developed as a national force, Army would welcome any arrangements which would help to emphasise the relationship between the P.I.R. and the government of the Territory. *Mr Fairhall* agreed that the Army must be educated in the arrangements that would ultimately come into force in the Territory and asked if Territories had any idea how consultation with the Administrator's Executive Council on defence matters might develop. *Mr Barnes* replied that nothing had been worked out on this but it would have to be developed through the Administrator.

Mr Warwick Smith pointed out that there would probably be a need to decide whether there were any security areas that the Council should not be told about but it would have

8 White and Fraser later objected to a DOT summary of Fraser's comments (see letter, White to Warwick Smith, 25 October 1967, NAA: A452, 1966/4989, and paper entitled 'Pacific Islands Regiment—Papua and New Guinea', 20 October 1967, *ibid.*). A revised precis read: 'Mr Fraser pointed out that the recruitment objectives desired by Cabinet had in practice been modified, partly because of the changed circumstances following the cessation of confrontation and partly because of the difficulty in view of other Army commitments in providing A.R.A. officers and N.C.O.'s for the suggested rate of expansion of the P.I.R. He suggested that, in consequence, the difference in approach between Army and Territories might not be as great as might have been thought. The desirable strength of the P.I.R. in the immediate future, however, would have been examined in the light of the numbers required to permit reasonable occupation of the new barracks, which have been or are being completed under the programme approved by Cabinet. Mr Fraser also [said that] Adequate numbers of good indigenous officers were required and insufficient officer material was at present available to the P.I.R. [and that] Liaison on standards between Territories and Army has been working satisfactorily' (*loc. cit.*).

some new powers and would probably need to be consulted about such matters as the P.I. officer programme and proposals to set up new defence establishments in the Territory.

Mr Fairhall asked if there were any other frictions, e.g. the recent 'Government' booklet.⁹

Mr Barnes said that he and *Mr Fraser* did not quite agree on this. He felt that Army had been a little too sensitive about the booklet but that another booklet devoted to the role of the P.I.R. was to be produced in consultation with Army and that this should clear the matter up. If it was found necessary to do so suitable amendments would be made to the 'Government' booklet when it was re-issued. He also said that he was very satisfied with the degree of understanding which this meeting had shown.

Mr Fairhall said that as it would be necessary to go to Cabinet for a new directive regarding the strength of the P.I.R. this would present an opportunity to bring to Cabinet's notice the various problems that had been discussed at the meeting.

Mr Fraser suggested that before going to Cabinet it might be desirable to get some agreement with Territories on the level of numbers which would also ensure a reasonable use of the buildings.

Mr Fairhall concluded by saying that he would be glad if the kind of liaison and understanding that had been shown at the meeting could continue as it was necessary for the Army in P. & N.G. to fit into the overall Territory situation, for which the Department of Territories was responsible, and for a similar relationship to develop as that which existed in Australia between the Army and the Commonwealth Government.

9 Hunter had written to Hay on 4 September asking for the withdrawal of a new Department of District Administration (DDA) publication, *Government in New Guinea*, because it 'fail[ed] to recognize the Army as an essential and lawful element of the community' and instead represented it as 'a positive danger to democracy and the rights of the individual'. He referred to the 'common and well-documented practice of Communist and subversive organisations in emerging countries to direct their efforts to discreditation of the law enforcement agencies' and asserted that 'this publication can be taken as providing official sponsorship for any attempt to discredit the Army' (letter, NAA: A6846 part 6). Hunter explained the strength of his representation in a memorandum of the same day to Army headquarters: it was his 'considered opinion' that the views expressed in the publication 'represent strongly-held and even official attitudes' in DOT and the Administration 'and that these attitudes, if allowed to continue to influence the situation in the Territory to their present degree, will make achievement of the Army's present mission impossible'. Hunter recommended that 'the question as to whether there is to be an army in Papua – New Guinea, and if so what form it is to take, should now be resolved at high, possibly Cabinet, level'. Unless Territories and the Administration were given an 'unequivocal direction', Australia would 'undoubtedly fail, as have so many other colonial powers, to create a national army capable of fulfilling a difficult and demanding assignment' (ibid.). The booklet became the object of public controversy when an annual Returned Soldiers League (RSL) congress in Lae called for its removal, with delegates saying it portrayed the Army as a 'monster' (*South Pacific Post*, 4 September 1967, ibid.). Hay responded to the RSL by saying that 'There were no references to the Papua – New Guinea Army as such' and that the 'references to which exception was taken are to events which have occurred in certain emerging countries [and these] were included to emphasise the necessity of a firm democratic foundation for the future government of this Territory' (*South Pacific Post*, 8 September 1967, ibid.). In a private meeting with Hunter, Hay made clear his disapproval of the parallel the Army had drawn between communist and Administration activities—after which Hunter agreed to submit a reworded protest against the publication (memorandum, PNG Command (Hunter) to Army Headquarters, 15 September 1967, ibid.) Hunter later wrote to Chief of the General Staff Sir Thomas Daly that in making this concession he had been 'anxious to avoid an appearance of inflexibility', though he felt 'we have made a point with the Administration' (19 September 1967, ibid.).

SUMMARY

There was general agreement that—

- (1) The development of the P.I.R. as a national force should conform with the general economic and political development of the Territory.
- (2) For the time being recruitment should aim merely at a strength which would enable economic occupation of Army establishments in the Territory.
- (3) On this understanding Army would consult with Territories on what constituted a reasonable strength and a submission would then be put to Cabinet seeking a variation of the target figure and rate of expansion approved in December, 1964; Cabinet should be informed at the same time of the various problems canvassed during this meeting.
- (4) Liaison of the kind at present taking place on such matters as housing and rationing would continue in relation to any other problems that might arise.
- (5) In particular there should be consultation aimed at ensuring that Army obtained a reasonable quota of high calibre Pacific Islander recruits for officer training.
- (6) Joint attention would need to be given to the problem of developing appropriate consultation on defence matters with the new Administrator's Executive Council.¹⁰

[NAA: A452, 1966/4989]

¹⁰ In a letter to Hay of 24 October, Warwick Smith asked for views on the possibility of the Administration using army buildings and on the 'means by which an appropriate form of consultation may be developed with the Administrator's Executive Council when it is set up after the next elections' (NAA: A452, 1966/4989). In another letter to Hay of the same date, Warwick Smith remarked that a suitable size for the PIR was 'partly related to the need to have a reasonable degree of occupancy of its buildings at various centres'. He continued: 'I am really very troubled about how we are going to finance the building of the University. As the present strength of the P.I.R. in Port Moresby will be reduced by the transfer of detachments to Lae, I am wondering whether part of the solution might lie in taking over some of the Army buildings in the Port Moresby area' (ibid.). Hay replied that 'Immediate and urgent needs are for local officers, single and married, for temporary accommodation for the Institute of Higher Technical Education and for further secondary school places'. The Administrator listed a number of specific needs in Port Moresby, Lae and Wewak, and said that 'a complete plan for the total usage of buildings' could be readily provided if a preliminary assessment of the optimum size of the army establishment could be determined (letter, undated (received 8 November), ibid.). Warwick Smith subsequently wrote to Hay that 'if the need for a reasonable degree of occupancy is in fact a real factor in the situation, as was indicated at the meeting between Ministers, the information you have supplied will be most helpful', though he warned that he was 'not of course able to say what the prospects are of Army buildings being made available for civil purposes' (letter, 10 November 1967, ibid.).

146 MEMORANDUM, DOT (WOOD)¹ TO ADMINISTRATION

Canberra, undated

CONFIDENTIAL

U.K./Australia trade talks, September, 1967²*[matter omitted]*

2. Arrangements were made for Mr Wood to attend the talks ...

3. It is important to keep in mind that the British made it clear that they would see it as fatal to their application to join the E.E.C. if an agreed plan to retain mutual benefits had been worked out in any detail or even only to the point where both parties were committed to work for such a plan. The British made it clear that real opportunities to protect Australian (including P.N.G.) and U.K. interests were something which would have to be left for negotiation with an enlarged E.E.C. As the Minister for Trade and Industry has stated since the talks it seemed clear that Britain did not expect to gain from the E.E.C. any more concessions for Commonwealth trade preferences than the phasing out over the years.

4. In the discussions with the British on P.N.G. trade problems the delegation asked for retention of preferences or if that was not practicable solutions which would enable P.N.G. to market its exports on fair terms as compared with like exports from British Territories that may be given associate status. The delegation proposed that the latter be done by phasing out preferences in Britain over say 10 years and phasing in of P.N.G. into the same preferences as are enjoyed by associated territories in the expanded E.E.C. The delegation used arguments of moral obligation of U.K. and E.E.C. as members of the United Nations organisation, the obligations under the U.K./Australia Trade Agreement, and that P.N.G. is the least developed of lesser developed countries and the extreme dependence of coconut products in particular on the U.K. market.

5. However British officials would not be shifted from their stand that they had no legal responsibility that they could use against the E.E.C. The British accepted the Australian point that the preferences they accorded P.N.G. were paid for by preferences Australia gave Britain and they registered Australia's concern for the P.N.G. products copra, coconut oil, coffee, cocoa, pyrethrum extract, palm oil and palm kernels. The Australian delegation flagged that P.N.G. products would come within the proposition for exploration with the E.E.C. and Britain of ways and means by which British important interests in Australia and Australian (including P.N.G.) important interests in Britain were preserved. The British said that in that event the most that could be tried for would be as soft *décalage*³ as possible and in the case of coconut oil a duty-free quota or lowering of the common external tariff.

[matter omitted]

1 E.J. Wood.

2 For background, see editorial note 'PNG and Britain's application to join the European Economic Community'.

3 In this context, the word should probably be translated 'shift'.

8. The U.K./Australia Trade Agreement will continue as at present subject to 6 months' notice of termination on either side. The Trade Agreement of course applies also to dependent territories and two P.N.G. commodities—copra and coconut oil—are specifically included in the schedule to the Agreement.

[NAA: A452, 1967/6213]

147 LETTER, COOMBS¹ TO WARWICK SMITH

Sydney, 7 November 1967

At meetings of our New Guinea Advisory Committee on Central Banking, members have shown considerable interest in the Territory's balance of payments. They have been concerned particularly with the movements of private capital and with the growing trade gap caused by the greater rise in imports than in exports. During the past five years, the value of Territory imports has risen by 150% whereas exports have gone up by less than 70%. The deficit on trade has moved from \$19m. in 1961/62 to an estimated \$77m. in 1966/67. Barring major mineral developments, a further widening of this gap may be expected over the next few years.

As part of the problem of establishing in the long run a viable independent economy in the Territory, I know that your Department is well aware of this problem of the balance of payments. As [the] central bank, we also must have special concern for this matter. Technical discussions are continuing between our Papua and New Guinea Division and officers of your Department on methods of estimating specific items. Further discussions on trends in some of these items and on their implications for the Territory's long-term development should also be advantageous.

A case in point is the continuing growth in imports of foodstuffs and the extent that this indicates a shift in indigenous consumption from local to imported foodstuffs. Imports of white rice have almost trebled over the last four years while imports of meat, largely canned meat, have almost doubled. Food imports currently represent almost one fifth of the total import bill.

If imported foodstuffs were consumed mainly by expatriates the balance might be expected to correct itself as Papuans and New Guineans replaced expatriates in the Public Service and private industry. However, imported foodstuffs seem to have attractions for the indigenous people and many Papuans and New Guineans are developing similar tastes to the expatriates. People with European food habits may be of the order of tens of thousands at present; the figure could well rise to upwards of a million over the next ten years or so and the food habits themselves may be further europeanised.

The balance of payments problem is, of course, far-ranging. The food industry is only one example of tendencies which bear examination. It may be worth considering whether something more cannot be done to slow down, if not reverse some of the tendencies at work in the balance of payments or, at least, to ensure that they are taken fully into account in the planning of economic development. No one expects Papua and New Guinea to become self-supporting or to approach balance in its international payments

1 H.C. Coombs, Governor, Reserve Bank of Australia.

for some years; but it would be unwise to disregard unsatisfactory features in the balance of payments on that account. Even at the moment, capital movements and consumption expenditure on imports have an effect on capital formation both in the government and private sectors. In the longer term, it must remain an object of policy to identify and, where possible, avoid situations likely to render the task of achieving future external balance more difficult.

If you feel that it would be useful, I should be happy to have senior officers in our Papua and New Guinea Division confer with your people and, as required, with the Administration. You will recall that the Bank has collaborated directly in some previous enquiries with your Department and the Administration, including the Sugar Enquiry which had an import substitution aspect.

I have sent a copy of this letter to the Administrator.²

[NAA: A452, 1967/7336]

148 MEMORANDUM, ADMINISTRATION (HAY) TO DOT

Port Moresby, 17 November 1967

CONFIDENTIAL

Report of significant events—Papua and New Guinea

It is considered that the Minister might wish to be informed, on a regular basis, of significant events and trends occurring in the Territory. With this in mind, it is intended to submit a round-up each two months.

2. This first report is a collation of events and a review of the current situation with emphasis on political parties and the forthcoming 1968 House of Assembly elections. Later reports will contain information relating to economic and social, as well as political, aspects of development.

2 In a minute to Warwick Smith of 27 November, Ahrens suggested the formation of a study group comprising representatives of DOT, the Reserve Bank, the Administration and the New Guinea Research group of the Australian National University for the purpose of examining the issues raised by Coombs 'and to formulate recommendations for remedial policies' (NAA: A452, 1967/7336). In a note for file of the same day, Ahrens recorded that the matter had been discussed with Warwick Smith: 'The Secretary felt that the balance of payments problem was too large to be tackled at this stage. We had enough on our hands trying to complete a development programme which in itself would go some way toward meeting the problems raised by Dr Coombs. After the development programme had been completed, priorities could be determined for examination of the various issues involved in the over-all balance of payments problem. He was not averse to having a study group examine particular aspects but wanted the whole matter deferred for consideration next year' (ibid.) On 29 November, Warwick Smith replied to Coombs that he agreed 'entirely ... with the emphasis you put upon the importance of identifying and avoiding situations likely to inhibit the development of a more satisfactory position for [PNG] with respect to its balance of payments problems'—and he appreciated 'very much' the offer for Coombs' senior officers to talk to DOT. However, he could not suggest a particular date for discussion 'as we are awaiting a first draft of the complete economic development programme for the Territory', expected to be received in mid-December. Warwick Smith suggested that once this had occurred, he might propose a time (ibid.).

3. POLITICAL PARTIES—The following political parties are active in the Territory.

4. (i) *United Christian Democratic Party*

The first official meeting was held at Wewak on the 11th May, 1967.

[*matter omitted*]

5. The Party has dropped earlier plans to amalgamate with the All People's Party.

6. It is believed the Party receives sympathy and covert assistance from individual members, at least, of the Roman Catholic Church, both within the Territory and from Australia.

7. In early September the Party issued a statement of their political platform. Briefly, the main points are:—

- (1) Equal rights for all people;
- (2) Adherence to the rules of democracy;
- (3) Pidgin as a common language; English as the official language;
- (4) A peaceful move towards independence;
- (5) More agricultural and industrial development;
- (6) A greater programme for education with emphasis on technical and agricultural education;
- (7) Improved communications;
- (8) Setting up of a Housing Authority;
- (9) Increased medical services, and an accelerated programme of training for Papuans and New Guineans to participate in the performance of such services;
- (10) Friendship with all people who are true friends of Papua and New Guinea. In particular a special friendship with Australia, because Australians help in the matter of defence and progress is needed, both now and in the future.

8. The Party has dropped the plank in its platform calling for the Territory to become a Seventh State of Australia.¹

9. At the beginning of August the Christian Democratic Party claimed to have a membership of over 4,000 members.

10. The Party's organisers appear to be fairly active in various parts of New Guinea. The main centre of activities, however, continues to be the East Sepik District.

11. (ii) *PANGU Party*

An announcement was made on 13th June, 1967, of the intention to form a new political party to be known as the PANGU Party (Papua and New Guinea Union).²

[*matter omitted*]

1 See footnote 2, Document 122.

2 See Document 120.

14. It is interesting to note that this group³ voted as a bloc on two important issues during the last sitting of the House of Assembly (Budget and Gilmore's Constitutional Referendum motion).⁴

[*matter omitted*]⁵

16. The PANGU Party has recently taken pains to play down a policy of home-rule leading to independence. The public comments by Mr. Oala Oala RARUA advocating early independence greatly embarrassed Executive Members.⁶

17. It is not conjecture to say that Oala Oala Rarua's remarks probably cost Party Members intending contesting the 1968 elections some votes.

[*matter omitted*]

19. It is believed that the motivating forces in the Party, and acting mostly behind the scenes, are Messrs. C. Abel, B. Holloway and A. Voutas.

20. It has been learned that there is some dissension concerning strategy for the 1968 elections. Voutas wants campaigning to be on a Party basis. Holloway favours independent campaigning with a re-grouping and consolidation later within the new House. Holloway is claimed to have said he was considering resigning from the PANGU Party. It is known that he has not yet decided to stand in an Open or Regional Electorate.

21. The PANGU Party appears to be the best organised and most active of all the political parties. It was reported in September to have about 900 members. It has fairly strong support from student bodies.

22. (iii) *All Peoples Party*

The announcement of the formation of a party to be known as the 'All Peoples Progress Party' was made in early July, 1967. The word 'Progress' was later dropped from the Party's title.

23. The Chief organiser is Mr. Jim McKinnon, trader and sawmillier of Angoram, East Sepik District.

[*matter omitted*]

26. At [a meeting at Angoram on 26 July] the Party outlined its aims as follows:—

3 That is, MHA's associated with Pangu Pati.

4 Graham Gilmore (MHA, South Markham special electorate) had moved that 'this House considers that before there is further development towards self-government or independence for the Territory of Papua a referendum should be held in the Territory of Papua on the question of whether that Territory wishes to form a full and permanent constitutional union with the Trust Territory of New Guinea, its people accepting the ultimate citizenship of that Territory, or retain its Australian identity and the people their Australian citizenship'. The Administration opposed the motion, after which Gilmore amended it to call for a referendum to examine constitutional proposals 'before any irrevocable act towards a constitutional union of Papua and New Guinea takes place'. The amended motion was defeated by 30 to 19 (*House of Assembly debates*, 29 and 31 August 1967, NLA: Nq. 328.952 PAP, pp. 2505, 2544–5, 2575, 2585).

5 Matter omitted is an outline of the party's platform. See Document 120.

6 MIS no. 8/67, 8 September 1967, noted: 'On the 12 August, 1967, at a meeting of the interim Executive Council of the PANGU PATI, Oala OALA-RARUA was censured for having stated in Australia that independence for the Territory could be as close as 1970. He refused to retract these statements. Following his expulsion from the party on 28th August, OALA-RARUA stated that, while accepting the expulsion, he had resigned by letter beforehand. He also stated that PANGU PATI is "a white man's party controlled by Mr. C. ABEL, Mr. A. VOUTAS and Mr. B. HOLLOWAY"' (NAA: A1838, 936/4/4. See also submission, Ballard to Barnes, 6 September 1967, NAA: A452, 1967/2735).

- (a) 'For continuance of the stable government of the Territory and in particular in the non-reduction of staff and Australian assistance;
- (b) The close co-operation between the native people and non-natives in the Territory in every aspect of the Territory's development;
- (c) The increase in the economic development of the Territory; and
- (d) The delay of independence for an indefinite date until the country is economically, as well as politically, ready for it.'

27. The All Peoples Party is probably the most conservative of all parties so far formed. In statements Mr. McKinnon has stressed the need to emphasise economic development, and has rejected any suggestions for early 'home-rule' or independence. He has been strongly critical of the PANGU Party.

28. ...The Party's activities are largely restricted to the East Sepik and Madang Districts. [*matter omitted*]⁷

38. PARTIES—GENERAL

With the exception of the PANGU Party, the other four in the field have developed on fairly parochial lines. PANGU has received the lion's share of the publicity because its policies have been more radical than those of the remainder. But this publicity has probably done PANGU more harm than good. The largely conservative Papua and New Guinea population has reacted sharply to proposals for early independence.

39. The aims and policy of the United Christian Democratic Party are more similar to those of PANGU than most people recognise, especially since the former has dropped the 'statehood' plank from its platform.

40. The policies of the Territory Country Party and the New Guinea Agriculture Reform Party are similar.

41. Among many of the indigenous people, there is a feeling that political parties are perhaps too premature. Many people believe that the formation of parties may lead to quick independence, or that they will upset the work of the Administration. As mentioned, at least two Europeans are contemplating resigning from political parties and contesting the 1968 elections as independents. Some indigenous Members of the House are refusing to join parties, because of apprehension about party organisation by the people.⁸

42. In a recent series of two articles appearing in the Sydney Morning Herald (25th–26th October, 1967) David White has reported on the overall situation with regard to political parties. He attributes the recent formation of political parties to the proximity of the 1968 elections, and the need felt for some sort of power base for intending candidates.

7 Matter omitted includes description of New Guinea Agriculture Reform Party (NGARP), based in the Gazelle Peninsula, and the Territory Country Party (TCP), said to have 'little support outside Madang'. Mentioned also is a group of 'prominent European businessmen and farmers in the Eastern Highlands, seeking 'allegedly to ensure continuation of "good administration", and to assist favoured independent candidates gain seats in the 1968 elections'.

8 There were also fears that parties would be internally divisive. Hay has recalled 'late in 1967 one of the older Papua – New Guinea Members coming up to me ... shaking his head [and saying,] "I'm very worried about this party business because I think it is going to divide us—one from another, brother from brother"' (Hay interview, 1973–4, NLA: TRC 121/65, 3:1/33).

43. White is probably correct in stating that the formation of three parties (A.P.P., T.C.P. and N.G.A.R.P.) is the result of organised opposition against PANGU Party and its policies.

44. Equally true is the claim that many parties' officials are confused in their aims and on major policy issues. Poor party organisation is often apparent, and there is a good deal of vagueness and vacillation. The lack of distinctiveness of some parties is a factor that could lead to a joining of forces at a later stage.

45. White, in his article, makes the significant point that the Parties will be trying hard to woo Members of the House, after the 1968 elections, to join their ranks, and that this could well be the acid test as to their chances of future success.

46. THE HOUSE OF ASSEMBLY

At the last sitting of the House of Assembly, one of the most significant developments, from a political and constitutional point of view, was the debate on Mr. G. Gilmore's motion calling for a referendum to determine the people's wishes with regard to the future constitutional status of Papua and New Guinea.

47. While the motion was defeated, there is no doubt that the recent rash of publicity given this matter has tended to exacerbate the problem of separatism and worry many people. As reported recently, four Papuan Under-Secretaries have put out feelers with a view to exploring possible future Papuan and Australian relationships.

48. THE 1968 HOUSE OF ASSEMBLY ELECTIONS

There is a growing interest in the forthcoming 1968 elections. This trend will no doubt gather momentum over the next few months.

49. The Chief Electoral Officer estimates that there will be approximately 600 candidates for the next elections. An attachment (Appendix A) contains the names available so far, of those who it is believed intend standing or seeking re-election.⁹ It is important to note that these are not full acceptances.

50. POLITICAL EDUCATION

The Political Education Programme conducted this year has involved preparation and distribution of two booklets and twenty single sheet leaflets. The material is used in the field by the general field staff as a basis for discussion in the village. It is also used as a basis for regular programmes on Administration Radio Stations, and is incorporated in our community education courses. It is used by teachers in their civic studies courses, and by the Army in its training. It has also been made available to the University of Papua and New Guinea Reading Room, Administrative College Library, and many Missions and other organisations.

51. The basic text in the political education programme is the English language booklet 'Government in Papua and New Guinea' which has been widely distributed (15,000 copies) to Councils, schools, training institutions, missions and the field staff of all departments. Its purpose is to give a simple picture of the evolution of government from the institutions of primitive society to those of a modern state, and an outline of the organisation of government in Papua and New Guinea. It is primarily intended to provide guidelines for field workers engaged in promoting the campaign. The choice of language in this publication was governed by the need for it to be readily translatable into vernaculars.

⁹ Not printed.

A second booklet similarly distributed is 'Local Government in Papua and New Guinea' which is available in both English and Melanesian Pidgin versions. It should be noted that an earlier series of six booklets produced by the Department of Information and Extension Services 'Sowai finds his country' provided a simple introduction to the nature and work of government in the Territory in story and picture form.

52. The twenty leaflets have been issued singly at intervals during the past several months, in simple English (30,000 copies) and Pidgin English (70,000 copies), the final one being at present with the Government Printer. They are widely distributed to officers, Councils, Schools and villages. The first seven explained certain basic concepts—Majority Rule (2 papers), the Rule of Law (1), the Representatives' Responsibilities (3) and Electing a Representative. The next three explained the growth of Government from early times to modern local and national government. The next four explained political parties by a gradual introduction of concepts commencing with employment and industrial relations and leading on through industrial organisations to interest groups generally and then to political parties. The next three papers dealt with the workings of government—Economic Development and the National Government, How Government Works, and Taxation. The final three papers dealt with elections, explaining their significance and outlining the methods to be used in the 1968 elections.

53. It is difficult at this stage to gauge the effect of the programme. As might be expected, reports suggest wide variations in level of understanding. Most of the concepts are foreign to the mass of the people and not directly translatable into Pidgin or the vernaculars. They can, therefore, only be fully grasped after constant repetition, wide ranging examples, practical experience of their operation in local and central government, and absorption of new terms into the language. It is clear, however, that some progress is being made and the level of understanding is being slowly raised.

54. It is also clear that, with the quickening tempo of political developments it will be necessary to resume the programme after the elections. Particular care will be necessary in preparation of material and its presentation to the people, but it is vital that factual material be widely available on which the growing elite may draw in developing its ideas, and also that the masses may have sufficient political knowledge to make a reasonable assessment of claims and schemes put before them. It is important also that officers in contact with the people have sound information readily available, for it is inevitable that they are asked questions, and dangerous if they will not reply or cannot do so accurately.

OTHER SIGNIFICANT EVENTS

55. *Trespass on plantations—Gazelle Peninsula*

Since the incident on RANIOLA Plantation in the New Britain District,¹⁰ a further request has been made by the Chairman of Directors of Plantation Holdings,¹¹ for the Administration to remove squatters from their property at KABAIRA (Gazelle Peninsula).

10 In a submission to Barnes of 25 October, Ballard noted that on 28 September, the Administrator had informed Warwick Smith that approximately 300 indigenes had planted coconut trees on Raniola plantation in an area cleared for replanting by the owners, Coconut Products. The squatting had occurred on a 'deliberate and well organised basis' and attempts to persuade the squatters to leave had not been successful. On the 29th, Hay requested permission for forcible ejection, which was granted by Barnes on condition that be done within the law. Hay reported on 10 October that the leaders of the group had allowed themselves to be escorted from the plantation and were followed shortly thereafter by the remainder (NAA: A452, 1966/3928).

11 Unidentified.

56. The District Commissioner, East New Britain,¹² has commented as follows:

‘It is expected that demands for expulsion of trespassers on plantations will increase, and this expectation clearly highlights the pressing need for the appointment of a Special Commissioner to investigate the attitudes of the native people towards undeveloped land, and to arrive at some amiable and mutual compromise in respect of these properties’.

[NAA: A452, 1967/7354]

149 LETTER, HAY TO WARWICK SMITH

Port Moresby, 23 November 1967

I wrote to you on 23rd June about some constitutional and administrative implications of the Report of the Select Committee.¹ There has not yet been an opportunity to discuss this letter with you. I hope that discussion can be arranged soon and suggest a time be set aside during your visit at the end of this month.

In the meantime, I have some further observations. My letter of 23rd June referred to the future of the Official Members. I have given further thought to this and now propose that the number of Official Members should be reduced. We do not need more than five Official Members with quasi-ministerial duties. They are the Assistant Administrator (Economic Affairs), as Government leader, the Assistant Administrator (Services) who would be the Government spokesman on important general policy issues, the Treasurer and Secretary for Law, representing their own Departments and the Director, D.D.A. as both a representative of his Department and a general government spokesman and liaison officer. In addition, there is a need for, say, three other Official Members for liaison and general debating assistance. It is for consideration whether they should be District Commissioners or special headquarters officers who could devote their full time to House of Assembly and liaison duties.

The elimination of the other Official Members would have the effect of freeing Departmental Heads for their own important administrative duties and also of requiring ministerial members and assistant ministerial members to take responsibility for defending departmental policies in the House. Both these seem to me to be powerful arguments and the latter follows paras 19 and 30(b) of Select Committee Report.²

An amendment to the Papua and New Guinea Act would be required to reduce the number of Official Members. It may be argued that this involves a departure from the Report of the Select Committee at a time when the Government has just expressed its agreement to it. I doubt whether this would cause any criticism. Indeed, it would be possible to discuss the proposal in advance with leading members of the Committee and, in December, with the Administrator's Council.

¹² H.W. West.

¹ Document 124.

² See Document 118.

It may also be argued that the presence of less than ten Official Members is inadequate to ensure understanding by individual members of the Government's point of view on legislation and major policy. This is an important issue, but in my opinion it is best met by strengthening the organisation within the Administration for liaison with Members of the House. This organisation would be required, not only to maintain personal contact but to ensure that adequate explanations of legislation are available to members. This is an Administration interest. It is also, of course, an interest and responsibility of the House itself. No doubt, on the latter aspect, the Minister could, in due course, have discussions with the Speaker in order to encourage him to set up a small body of experts in such things as, for example, the law, within the House of Assembly staff.

In this letter, I am also raising with you (for the first time) the question of which portfolios should go to ministerial members and how departmental duties should be allocated to assistant ministerial members.

In my opinion, the following portfolios would be suitable for ministerial members:—

- Health
- Education
- Lands
- Agriculture
- Trade & Industry
- Labour
- Works

All these portfolios are the subject of extensive questioning in the House and they require spokesmen who are competent and prepared to stand up for the policies which are being followed.

So far as assistant ministerial members are concerned, I believe that they might be allocated the following departmental duties. The duties do not necessarily cover all the activities of a given Department and some of them cover some activities of more than one Department. However, I do not believe this is a crucial disadvantage.

- Information and Extension Services
- Law (but with responsibilities covering only Corrective Institutions and Land Titles)
- Forests
- Posts & Telegraphs
- Administrator's Department (covering transport, elections etc)
- District Administration (covering Local Government and Welfare)
- Police
- Treasury (covering particularly housing).

These suggestions are put forward for discussion only at this stage. A good deal would depend on the actual persons nominated as ministerial members and it would be desirable for the Administration to retain a free hand in order to make adjustments at the time of making nominations to the Minister.

150 MINUTE, SWIFT TO WARWICK SMITH

Canberra, 12 December 1967

Administrator's Letter of 23rd June¹

This can't be considered sensibly without an agreed understanding of *what* the Minister must keep, and what can be left to the Ministerial Member.

2. How do we get a written down policy framework within which the Ministerial Members can work? Can someone list any examples of decisions the Ministerial Member can't make e.g. budgetary framework, future financial commitments, etc., and those he can—? where the schools were placed, as distinct from how many there'd be.

3. 'Policy' is too vague a term. I think someone will have to do a more concrete paper.

Letter of 23rd November²

4. I think there should be no move to reduce the number of official members until we see what kind of a House we will have.

5. Bottom of page 1. I think the notion of a body of experts within the House of Assembly staff is a very doubtful one. Too easy for there to be the attraction of pulling the Administrator's nose—and responsibilities of administration unlikely to be understood ...

6. No particular comments on portfolio suggestions.

[NAA: A452, 1970/4519]

151 LETTER, WARWICK SMITH TO HAY

Canberra, 18 December 1967

SECRET

In connection with my letter of the 10th November, 1967, about the P.I.R.¹ you mentioned, when I was last in Port Moresby, the absence of any ready criteria for determining the appropriate size of a future Territory Army.

I am inclined to think that the best way to approach the question in our discussions with Army would be to avoid the issue of optimum size, and to concentrate on practical arguments for keeping the P.I.R. at its present level.²

1 Document 124.

2 Document 149.

1 Warwick Smith had asked for 'any points that occur to you which it might be useful to make in a discussion on P.I.R. numbers; and any views you may have on the size of the standing army that a self-governing Territory could or should maintain' (NAA: A452, 1966/4989). For further description of this letter, see footnote 8, Document 145.

2 In discussing a draft of the letter to the Department of the Army, Legge minuted Warwick Smith in similar terms to paragraph two, adding: 'By avoiding any final decision as regards numbers, we might also avoid the need to reimburse Army for any buildings taken over for civil purposes. Once a decision to hold the P.I.R. at its present strength had been taken the initiative for any further expansion would have to come from Army, and in the absence of a renewal of any external threat, and bearing in mind the increasing influence of the Administrator's Executive Council in policy decisions, I think they would have great difficulty in obtaining

The attached copy of a letter to the Secretary, Department of the Army, was drafted on this basis and if you have any comments on it I should be glad to use them in further discussion with the Army.

Attachment

LETTER, WARWICK SMITH TO WHITE

Canberra, 15 December 1967

SECRET

Following the meeting in October between the Ministers for Defence, Army and Territories,³ I have been giving further thought to the question of the size of the P.I.R. from the point of view of the civil authority.

Since the lessening of the potential threat from Indonesia, as we see it the target strength of the P.I.R. for the immediate future will fall to be decided on factors internal to the Territory.

At the Ministerial discussion in October the Minister for Territories referred to past instances of disaffection among the P.I.R. and expressed his concern about the threat to internal security that an undisciplined force, insufficiently imbued with a sense of loyalty to the civil power, would represent.

In this connection the Defence Committee warned in a report in February, 1963, that 'too rapid a dilution of trained personnel with new recruits could create indiscipline which might have disastrous effects in an emerging independent country at a time when political, factional and tribal feelings would be running high'. In approving the proposed expansion of the P.I.R., Cabinet decided that the objective should be to expand 'at the maximum effective rate which could be achieved, "effective" being taken to mean that numbers should not be built up for their own sake at the sacrifice of training, discipline and equipment'.

On the score of loyalty to the government of the Territory, and to the community generally, I was impressed with Brigadier Hunter's account (in the paper prepared for the C.G.S.⁴ briefing in July) of the objectives of the training programme of the P.I.R., and the way in which these objectives are being achieved.⁵ It seems clear however that with such a greatly intensified programme, a much higher concentration of training staff will be needed.

As I understand it the requirement for additional training staff is coming at a time when, because of the additional demands arising from National Service and the Vietnam war, the Army is finding it difficult to provide sufficient staff of the desired calibre for the P.I.R.

Cabinet's approval for further expansion. Meanwhile we would have permissive occupancy of the buildings and at most would probably have only the expense of maintaining them' (22 November 1967, NAA: A452, 1966/4989). With reference to the attachment, Legge wrote to Swift on 18 December that the 'Secretary decided it wd. be best to omit any reference to buildings at this stage' (handwritten note, *ibid.*)

3 See Document 145.

4 Chief of the General Staff.

5 The paper had argued that there was a need in PNG for a loyal, western-style army which would be compatible with Australia's attempt to build democratic institutions. It would provide a 'sanction of power' by the preservation of internal and external security. Hunter believed that this might be achieved by various forms of education for the soldiery including, *inter alia*, participation in a citizenship program, religious education and administrative experience (DOT summary of Hunter's paper, NAA: A452, 1966/4989).

The Minister for the Army pointed out at the October meeting of Ministers that this shortage of suitable staff had led him to seek the approval of the Minister for Defence to a slowing down in the rate of expansion of the P.I.R. He suggested that if we could look to reaching a strength of 3,000, not necessarily within the next year or two, there would not be much difference between the views of the two Departments.

I understand that the total strength of the P.I.R. in October stood at about 2,750, made up of 2,200 Papuans and New Guineans and 550 expatriates, and in view of the shortage of suitable training staff I have been wondering whether it might not be wise to hold the force at this figure, at least for the time being.

Another aspect which I think should be kept in mind in relation to the size of the P.I.R. up to the time of self-determination is whether when that time arrives the force should not be largely officered by indigenous officers, and whether this is a determining consideration in relation to present ideas of the size of the P.I.R. I cannot of course forecast when the stage of self-determination will be reached; neither can I say that we can rely on having until 1984—the date mentioned in your memorandum of 15th May, 1967⁶—to achieve a largely indigenous officer strength.

Aside from issues relating to the quality and character of the force itself, there are important economic aspects to consider. We have had strong misgivings about the Territory's capacity to support a force of three battalions after self-government is achieved. (I understand that with headquarters staff and supporting units such a force would number nearly 4,300.) The point has been put that if a future Territory government considered this too great an economic burden it could disband part of the force. This may however be politically difficult at the time—such a step could, for example, create discontent among those who were retrenched.

Army may have some formulae relating to the size of the force an under-developed country ought to maintain; we have no ready-made criteria, but it is worth noting that the ratio of 1/510 of population which a force of 4,300 by 1970 would represent is exceeded in the case of only eight out of 35 countries which have achieved independence during the past 11 years. The remaining 27 countries may be grouped as follows:—

<i>Ratio—Force/Population</i>	<i>Countries</i>
1/630 to 1/875	5
1/1100 to 1/1790	9
1/2000 to 1/6300	13

With these considerations in mind, I think it would be in keeping with the tenor of the Ministerial discussion if, apart from officer trainees, recruitment were to be restricted to replacements until a definite decision as to strength has been made by Cabinet. I think it would desirable to obtain a decision on this matter as soon as possible and I would therefore be grateful for your early consideration of the points I have raised and, as agreed at the Ministerial meeting, for an opportunity to consult with you further about the recommendations that should be made to Cabinet.

[NAA: A452, 1966/4989]

⁶ Not found.

152 LETTER, FRASER TO BARNES

Canberra, 21 December 1967

SECRET

You will recall that at the Ministerial discussion on 18 October last, about the development of the Pacific Islands Regiment,¹ it was agreed that Army in consultation with Territories and subsequently with Defence, would prepare a draft submission to Cabinet which would give authority for a variation in directives regarding the target strength and expansion programme of the P.I.R.

At the meeting also, I suggested that due to various circumstances, the difference in approach to the development of the P.I.R. between Army and Territories might not be as great as might have been thought.

I am somewhat surprised therefore to learn that the Secretary of your Department has written to my Permanent Head² suggesting that 'it would be in keeping with the tenor of the Ministerial discussion if, apart from officer trainees, recruitment were to be restricted to replacements until a definite decision as to strength has been made by Cabinet'.

The arguments which Mr. Warwick Smith puts forward in support of this suggestion relate in the main to the Defence Committee's warning about the possible effects of too rapid a dilution of trained personnel with new recruits, and Cabinet's later decision that the expansion should not be at the expense of training discipline and equipment. All these points were of course taken into account when, in March 1967, I sought the approval of our colleague, the Minister for Defence, to an extension of the expansion period from December 1968 to December 1970,³ and indeed the expansion rate has been slowed down since that date. The Pacific Islander strength at the end of October was, as you are aware, 2,194, and although there was only a net increase of one by the end of November, I cannot accept the proposition that the strength should remain static until a Cabinet decision is reached. Not only is it important to maintain a reasonable flow of recruits but, as I emphasized at our meeting, we must ensure that Army accommodation in the Territory is occupied at a reasonable level. To do this and to maintain a two battalion structure, as opposed to three agreed by Cabinet, I consider it essential that recruiting should proceed, but with a ceiling strength of about 2,800 up to 1970.

Mr. Warwick Smith also drew attention to the fact that a three battalion force, numbering all told some 4,300 men, would be in the ratio of 1/510 of the population and that this was very much higher than that in respect of 27 countries out of 35 which had achieved independence in the last decade or so.

I have not checked the figures but, whilst I am sure they are accurate, I believe this to be an odd way to establish the size of Army required. From an Army point of view whatever force is established, and I don't think this is affected by whether the country is under-developed or not, the unit or units involved must be viable entities and of sufficient size to meet the prescribed role.

A further point made by Mr. Warwick Smith is that it might be desirable to have the force largely officered by indigenous officers when the time of self determination arrives. That

1 Document 145.

2 Attachment, Document 151.

3 See attachment A, Document 111.

this would be desirable I believe goes without saying. However, he suggests that this should perhaps be a limiting factor in determining the size of the force we should now be maintaining. Again, I think this is true but it must be weighed against other conflicting factors such as occupation of accommodation, the need for a force of sufficient size to fulfil its role and the availability of suitable Pacific Islanders.

A draft Cabinet Submission which I envisage will canvass all these factors will be prepared as early as practicable and discussed with your Department. It would also need to cover the question of the availability and training of indigenous officers on which matter I will write to you separately in connection with your letter of 4 December.⁴

In the meantime, I would appreciate your concurrence to my suggestion that recruiting should continue until the Pacific Islanders strength reaches 2,800.

[NAA: A452, 1966/4989]

153 SAVINGRAM, SHAW TO DEA

22 December 1967

SAV 66. CONFIDENTIAL

Nauru and New Guinea

Our telegram 2375, dated 19th December,¹ reported briefly on the adoption in plenary of the resolutions from the Fourth Committee on Nauru and New Guinea ...²

2. This telegram gives our assessment of the Assembly's discussion of the report of the Trusteeship Council, which covered Nauru, New Guinea and the future composition of the council.

[*matter omitted*]³

5. The outcome of our decision to seek a special session of the Trusteeship Council justified our recommendation ... We obtained ... after a certain amount of pushing from ourselves and the other administering powers, a formal legal opinion from the Secretary-General that after the departure of New Zealand Liberia would stay on the Council until

4 Not found.

1 Not printed.

2 Resolution 2348 of 19 December 1967—adopted by the Assembly by 85 to 16 with 18 abstentions—reaffirmed both the 'inalienable right of the people of Papua and New Guinea to self-determination and independence in accordance with resolution 1514' (see footnote 7, Document 14) and the previous position of the General Assembly as outlined in 1965 and 1966 (See editorial note entitled 'The United Nations Resolution on PNG, 1966'). It called upon Australia to 'take necessary measures to implement without delay the provisions of the above resolutions' (*Yearbook of the United Nations 1967*, New York, 1969, pp. 612–3).

3 Matter omitted refers to the Australian Government's decision to grant independence to Nauru and the subsequent decision by the Australian delegation in New York to seek a special session of the Trusteeship Council. The Australian delegation had been given discretion with regard to this last matter, on the proviso that it bear in mind the Government's objective of the 'maintenance of the Trusteeship Council's functions, rights and responsibilities, vis-a-vis the Committee of Twenty-four'.

the end of its term at the end of 1968, after which, unless an amendment were made to the Charter, the Council would be composed of the two remaining administering authorities and the other four permanent members of the Security Council.

6. Had we failed to obtain such a legal opinion from the Secretary-General and have it noted by the Council we would have run the risk of an attempt in the Fourth Committee to ignore the legal position and have the Council's present function transferred to the Committee of Twenty-four.

7. In the Trusteeship Council the representative of the Soviet Union made his customary unpleasant remarks about the unrepresentative nature of the Council, but intimated that he accepted the Secretary-General's opinion. The Soviet statement was made in such a way however as to leave it open to the USSR not to oppose an illegal move which might develop in the Assembly to wind up the Council.

[*matter omitted*]

12. *New Guinea*

... We faced a difficult tactical situation on New Guinea. The resolution adopted last year (2227)⁴ was thoroughly unacceptable to us. It deplored Australia's failure to implement an earlier resolution, called on us to remove discriminatory electoral qualifications, to abolish discriminatory practices in a variety of fields, to hold elections on the basis of universal adult suffrage, to fix an early date for independence and to refrain from using the Territory for military purposes incompatible with the Charter. We therefore expected that this year we would be faced with a resolution which would go further and either deplore our failure or even condemn us for not having implemented last year's resolution. Once the great majority of countries in the United Nations have voted in a particular way they find it very difficult to change their position even though they may subsequently realise that they voted thoughtlessly in the first place. We knew there would be very few countries indeed prepared to say that the string of condemnations expressed in Resolution 2227 had not been correct and should be rescinded. We therefore felt we were in something of a tactical straightjacket. We decided the best thing to do was to give a full exposition of conditions in the Territory particularly developments following the information sent a few weeks previously by the Department of Territories, and then criticise last year's resolution and show once more where it was wrong. We said we had been unable to comply with it because its allegations about conditions in the Territory were simply not true.

13. Liberia, in the person of Eastman, who had been the author of last year's resolution, launched a highly emotional attack on us, accusing us of racism and indulging in excessive unpleasantness. Eastman had had a prepared text which he discarded after hearing our opening statement and spoke *ex tempore*. He introduced a draft resolution which simply reaffirmed last year's and earlier resolutions and called on the administering authority to take the necessary measures to implement them without delay.

14. In a way, the very intemperance of Eastman's attack did us some good. He showed such personal bias that the more respectable Africans and most of the Asians were embarrassed by it. He was followed by Shakhov,⁵ the Soviet representative, who made a long statement repeating accusations about Australians taking all the best land in New Guinea, gross discrimination in all fields, pitiful labour conditions and the whole Territory

4 See editorial note 'The United Nations resolution on PNG, 1966'.

5 Pavel Shakhov, Envoy and Minister, Permanent Mission of the Soviet Union to the United Nations.

being turned into an armed camp. Then the representative of Ghana made a fair and considered statement in which he acknowledged a great deal of effort was being put into the Territory.

15. These four statements were made at the first of the two meetings at which New Guinea was discussed. On the next three days the item remained on the agenda of the Committee but nobody spoke. On the fourth day after the Chairman had said he wanted a vote of the Liberian draft resolution we made a fairly long statement in right of reply to Liberia and the Soviet Union. The Soviet Union replied to this but it was not an effective intervention. Liberia said nothing, Eastman was not in the chair. In the interim I had spoken to the Acting Chairman of the Liberian delegation and said how disturbed we were by the nature of Eastman's attack. There were no other speakers in the general debate.

16. The United Kingdom and the United States spoke briefly on the draft resolution defending our administration and saying they would vote against the draft. Argentina, Chile, Ceylon and Mexico said they would vote in favour although last year they had had serious reservations over paragraph five of Resolution 2227, the one which had been particularly condemnatory about us. Brazil and Netherlands spoke after the vote. The Netherlands was particularly useful because at our request it changed its vote from last year's abstention to a negative, and brought Belgium along to do the same.

17. Between the time the Liberian draft resolution was introduced and the time it was voted on in plenary we did a lot of work to try to influence votes. I sent personal notes to eighty of my colleagues from all groups[,] except the Communist Bloc and the extreme African and Arabs[,] covering copies of our opening statement. I said that the matter was an important one to the Australian Government and that the Liberian draft was objectionable. Between the Committee and plenary votes I and other members of the delegation spoke also to a large number of delegates. As a result all the representatives of all Scandinavian countries referred back to governments for instructions, and all finally changed from an abstention to a negative vote. The delegations of Singapore and Laos which had not been present in the Committee vote abstained, which was the most we could expect, and the Chinese changed from an abstention to a negative vote. We tried hard to change the other Western Europeans to a negative vote and Latin Americans such as Mexico at least to abstain but they did not move from last year's positions.

18. On the whole we feel some satisfaction with the outcome. The debate was shorter this year. Last year Tanzania, Guinea, Mali and UAR⁶ and others joined in severe condemnatory statements. This year there were only three general debate statements, two of which we disposed of in right of reply, while the other from Ghana was not offensive and, on the contrary, helpful in some ways. So the general exposition of our case was not nearly as seriously challenged as it had been last year and the number of really damaging and disparaging things said was much smaller. Also we formed the impression that some more reasonable representatives felt some embarrassment at the strength of last year's criticisms, especially in view of Eastman's performance.

19. The resolution adopted, although it reaffirms what last year's resolution said and calls on us to take the necessary measures to implement without delay provisions of earlier resolutions, does not use any insulting language or itemise the charges against us. Indeed in the course of our lobbying we had to hand out copies of last year's resolution in order to show some poorly briefed delegations just what it was they were reaffirming.

6 United Arab Republic.

20. The increase in the number of negative votes was a good development. The vote showed that all the Western group and a number of South East Asians repudiated or disassociated themselves from unjust criticisms of Australia. This year's resolution can less properly be regarded as an expression of opinion by the Assembly when so many influential delegations opposed it or abstained.

21. The improvement came about partly through luck in that for the last ten days it was meeting, the Committee was more concerned with Gibraltar than with any other subject. The Spaniards had mounted a tough and in the event successful campaign on Gibraltar and this took most of the people's attention. We were fortunate that Malecela,⁷ the Chairman of the Committee of Twenty-four, was absent for most of the New Guinea debate. Moreover, the fact of Nauruan independence, of Hammer de Roburt's commendable words worked to our advantage.⁸

22. The bitterness and resentment so evident in Eastman's speech worked to some extent to his disadvantage. I think the Asians know us well enough to know that he had passed beyond the realm of credibility. It was clear that he had some personal resentment against Australia which motivated him. It is significant that although we replied at length to Eastman and treated him hard in our right of reply, not one other African came in either to say a word in his defence or in criticism of us. Finally there was some realisation among the more reasonable delegations that the Assembly had gone too far last year. To sum up it is not too much to say that there has been a slight but evident recession from the critical position which the Fourth Committee and the Assembly took against us last year.

23. Finally on the question of the future of the Trusteeship Council we have come out well. We have on record a legal opinion from the Secretariat noted by the Trusteeship Council and the General Assembly which is what we wanted and in fact goes further than our own Departmental legal opinion went. This opinion was challenged by nobody in the Trusteeship Council or the Fourth Committee. We would expect at the next session of the Assembly there will be some political attack on the Council but we are in a much better position to resist it now that the legal position has been stated clearly.

[NAA: A1838, 936/3 part 2]

7 John Malecela, Tanzanian Ambassador to the UN.

8 De Roburt, Head Chief of Nauru, had made clear to the Trusteeship Council that rehabilitation of Nauru 'was no longer a concern of the United Nations but a matter between the Nauruan and partner governments'.

154 SUBMISSION, PAYNE TO BARNES

Canberra, 28 December 1967

Papua and New Guinea—political education tour of Australia by a party of Local Government Councillors during October, 1967

A report has been received from the Administration officer who accompanied the above party giving his impressions of their tour of Australia. This report and comments by the Director of the Department of District Administration¹ are attached.²

2. These reports confirm this Department's impression that the tour was a successful one, especially from the point of view of political education; and that it is desirable to continue running such tours in the future. The escort officer from the Administration stated that:—

- (a) the Councillors felt there is general dissatisfaction with present members of the House of Assembly but realise it is up to the people to elect good representatives;
- (b) the Councillors are against early independence and this feeling increased when they realised the amount of hard work ahead of them, even with Australia's help to develop their country;
- (c) the Councillors from ten different districts realised the value of unity and wished to unite Papua and New Guinea under one name—Melanesia;
- (d) The Councillors are certain that stability and internal development must come from the local government councils;
- (e) the Councillor's tour of Australia convinced them of their need for friends and foreign capital. To assist this they must lease land to companies and for mining exploration;
- (f) in all the Councillors' learned that the development of a country takes many years of hard work, by a law abiding united people under stable government.

It is clear from these comments that the local government Councillors reacted somewhat differently from the M.H.A.'s³ and that future tours should be adopted to meet these differing interests and attitudes.

1 T.W. Ellis, who was chosen over Grove and Fenbury as McCarthy's successor. Barnes considered Fenbury disloyal and Hay—while regarding him as 'a man with a very good record as an Administration officer, a well-educated chap and a man with a mind of his own'—said he 'never knew where [he] stood with him'. As for Grove, Hay thought him an 'admirable character [who] didn't have the strength ... to handle a department with as many prima donna as District Administration; it really needed a strong man'. Both Barnes and Hay had a high regard for Ellis, in spite of 'others who had reservations ... because of his ... rather old-fashioned methods [as a District Commissioner] in the Highlands'. Hay described Ellis as a 'very dictatorial sort' who 'had a certain style which didn't lead some people to admire him, because it was too rough and in some senses brutal'; he was also 'controversial ... because he was very outspoken. It was always thought that he was pretty active in politics. He was by natural outlook rather conservative, very suspicious of people like the Pangus and suspicious of academics and that sort of thing. But he had qualities of loyalty and a deep sense of responsibility which caused me to be quite satisfied that he was the right man for the job' (Hay interview, 1973–4, NLA: TRC 121/65, 2:2/40–1, 3:1/39–41).

2 Not printed.

3 Presumably, the members referred to in footnote 4, Document 114. In a discussion between Barnes and the MHA's, Yauwe Wauwe 'brought up the need for more schools generally, more agricultural schools and more foreign companies'. Barnes replied 'with a simple basic statement on [the] prior importance of economic development'. At the same meeting, Poio Iuri had complained about the difficulty of procuring vehicle

3. From another angle the tour was also a success in that it gave an opportunity for ordinary Australians and many organisations, in government, private enterprise and community activities, to meet and entertain these visitors from P. & N.G. In particular, the visits to private homes in Canberra arranged through church people could be mentioned.

4. The reports are submitted for your information.⁴

[NAA: A452, 1967/6847]

155 LETTER, HAY TO BARNES

Port Moresby, 31 January 1968

CONFIDENTIAL

Now that I have completed my first year as Administrator I wish to make certain observations on the situation in the Territory and certain comments on the policies which the government is following there.

As a preface I state, as best I know it, the reasons for Australia's continued presence in the Territory as administering authority and her continuing substantial expenditure there. To my mind there are two predominant reasons. The first is that we have freely accepted obligations to the U.N., involving economic and social, as well as political advancement, which are far from discharged. The second is sentiment, derived from war-time association and personal contacts, from interest in the work of missions and from a certain pride in doing a job which needs to be done. The first reason only influences us to retain a physical presence because of our interpretation of the Charter. So far as the majority of the U.N. is concerned, there is an overriding obligation to grant immediate independence. If we did so, no objection would be raised, though no doubt the U.N. would stop well short of assuming our financial commitment. But an early handing over of our administrative responsibility would probably lead to a chaotic situation. Furthermore, the job of establishing anything like a manageable (not even a viable) economy is clearly a long one. The two reasons here stated point clearly to our remaining so as long as we are wanted by the people of the Territory.

As I see it, Australia's defence interests are not a primary reason for our continuing to administer the Territory. The Territory is not vital to them. The facilities we enjoy are useful and should be retained, but they are not of overriding importance. Our interests could be equally well served by the continuance, after our responsibility for administration is handed over, of close and friendly relations with the Territory's government and people. They are not the sole basis of Australia's commitment to defend the Territory as if it were part of Australia.¹ I assume that that commitment also derives from our U.N. obligation.

spare parts in the Highlands, while Momei Pangial said the MHA's 'had difficulty in really comprehending what they were seeing in their visits to places of interest' (notes of discussion, 14 April 1967, NAA: A452, 1966/2211).

4 In a marginal note of 29 December, Barnes wrote: 'A most interesting consensus'.

1 See paragraph four, Document 12.

It is, of course, very advantageous to the Territory. A future Territory government could not possibly keep up, from its own resources, a military force of the size it now has. If the commitment continues, it will no doubt powerfully influence the Territory leaders of the future to keep close ties with Australia, and to think carefully before moving from self-government to independence if an alternative such as 'association' with Australia remains open. Conversely, any disposition by Australia to modify its commitment in advance of self-determination would cause a loss of confidence in us by Territory leaders.

I do not give weight to other arguments for our continued presence. There is no economic advantage to be derived by the government sufficient to outweigh the heavy expenditure of manpower and monetary resources on our administration. Certainly the economic interests of some thousands of Australian individuals and a small number of companies are involved. But these only marginally affect the Australian economy. Nor is there any advantage to be gained from our continued presence so far as our relations with the international community are concerned. The balance lies heavily in the other direction. We get no thanks internationally except from our closest allies.

With this background I have given a good deal of thought to the kind of things the Administration should be doing. I summarise my conclusions as follows:—

- (a) that economic development in the wide sense is the most important thing for the Territory and should continue to receive priority attention;
- (b) that economic progress is bound to be slow and even partial viability many years off;
- (c) that Australia's financial and defence obligations are not affected by the rate of movement towards self-government, provided it is orderly and peaceable and compatible with close and friendly relations with Australia. We might be relieved of them in the event of a deterioration in relations and the violation of Australian interests;
- (d) that a slow rate of political development is best suited to the Territory's present capability;
- (e) that, in the context of the government's present policy that the decision on how fast to move forward should be left to the people through the House of Assembly, there is much that the Administration can do to expose the facts of the economic situation to Territory leaders, including the younger educated men and women;
- (f) that correct economic policies need public support. A special effort is needed to make development a national task which captures the public imagination. More effective public relations, continuing consultation and increasing participation of Papuans – New Guineans in the economy are essential elements in such an effort;
- (g) that the attitudes of individual Australians in the Territory are a powerful factor in the future attitude of Papuans and New Guineans. More needs to be done about this by the Administration;
- (h) that for the purpose of economic development and as a bulwark against fragmentation in the future, the Territory needs a strong central government. This has administrative as well as constitutional implications.

The following paragraphs set out my views in more detail.

My experience in the past year has convinced me that it will be many years—a generation—before the country is able to stand on its own feet economically, let alone walk or run. Even on the basis of greater annual expenditure by Australia on the Territory, of modest international aid, and continuing foreign investment the long-term perspective does not point to any significant diminution of the Territory's economic dependence. It does² point to a much stronger economy in many respects with a growing capacity reaching a degree of viability. Thus, so long as the reasons for Australia's commitment to aid the Territory continue to hold good, containment of Australian financial aid is not in sight, let alone reduction. The very long-term nature of the economic development obligation has not, so far as I am aware, previously been brought before Cabinet. I assume that you will wish in due course to bring this to Cabinet's attention, and to do so in the context of the likely development of the political situation. I therefore comment briefly in what I see as the likely course of such development.

There are broadly three possibilities. The first is that progress towards self-government and self-determination will take many years. Many factors point to this being a desirable course of events. There are very few Papuans and New Guineans in positions of responsibility in government, commerce and, in a meaningful sense, in primary, secondary or tertiary industry. With the present scale of educational effort, the output of qualified men and women in numbers that matter will not begin until the early 70's. These people cannot without some further years of experience effectively take on responsible senior positions.

The second possibility is that the movement towards self-government will be much faster than, from a purely objective point of view, it should be. This would involve self-government in the short-term future. Self-government need not involve abuse of Australia and destruction of the economic interests of individual Australians. It could well be the result of peaceable progress. Thus we can contemplate a situation in which though self-government occurs earlier than it ought, it does not destroy close and friendly relations with Australia.

Both these possible courses of development pre-suppose that self-government is quite a distinct stage from independence. Self-government would be the completion, more or less quickly, of a process already started. It would in either case be followed, after an interval of time, by self-determination leading to independence or some form of association with Australia.

The third possible course is that of a fairly rapid move towards independence involving a deterioration in relations with Australia. The distinction between self-government, self-determination and independence would in such circumstances be obliterated.

The above-mentioned courses are not the only possibilities. There are many intervening shades. It is furthermore hard to forecast the course events will take, the more so before the 1968 elections. It is, however, worth canvassing the main factors which will be operating.

The first is public opinion in the Territory. Undoubtedly rural opinion (which is the majority opinion) is opposed to early self-government. This is not only because rural leaders realize that the Territory lacks trained and experienced men and women in every facet of political, economic and social affairs. Rural leaders are also under the impression

2 The word 'not' should perhaps have been inserted here.

that self-government will mean abandonment by Australia. They do not distinguish between self-government and independence. If they were convinced that self-government was a stage short of independence and that Australian aid would continue in the new situation, they would be less fearful, but still very cautious.

Another factor is whether the self-interest of the leaders, and of the potential leaders among the young educated Papuans and New Guineans, can be engaged in the long-haul approach to economic development. It is asking a good deal of them to expect their support of firm policies which offer few financial rewards (compared with those offered to no-better-qualified Australians) and in circumstances where an Australian minority lives better, does very well financially and tends to ignore Papua and New Guinea society. But this approach *can* be put in terms of self-interest. There are exciting prospects for the youth of the Territory. There are good opportunities to gain qualifications, and for those who gain them, interesting jobs are immediately available and responsible ones just around the corner. The imagination of youth could be fired, too, by the task of nation building.

A further factor is the role of the individual Australian in the attitude of Papuans and New Guineans. If Papuans and New Guineans are in their own self-interest to restrain their natural desire to run their own affairs, the Australian community here will need to respond more rapidly than it has to the changing social situation in the Territory. In the planting and business community this is a matter of self-interest and can be put to them as such. My brief experience tends to show that the small businessman or planter is mainly interested in making a quick profit and getting out with more than he came with regardless of the economic or social consequences of his presence in the Territory. On the other hand, the larger interests, whether family companies or large public companies, take a longer term view and are prepared to adjust (and insist on their staff doing so). From a social as well as an economic viewpoint they should be encouraged and the small men not. But we have to take the Australian community as it is and is likely to be in the short-term. Merely because of its size, wealth and standard of living it is likely to arouse feelings of envy and dissatisfaction which do not sit well with the gradual approach to political advancement here discussed.

A fourth factor is the opinion of persons outside the Territory. The United Nations gives voice to one sector of outside opinion. In the present climate of Territory opinion I do not rate highly the influence of the United Nations. Moreover, I see nothing to be afraid of in it. Indeed I see advantage in offering selected Papuans and New Guineans opportunity to see for themselves how the U.N. works and how many of its members manage their own affairs. This could put radical ideas into the heads of the young, but it is more likely to open their eyes. I see a more potent influence in the opinions of Australian individuals and learned societies, many of them reputable and acting from high motives in calling for the speedy handing over of authority. Such opinions are likely to win a response and to be the cause of agitation for quick political development.

The last factor is the nature of the human being himself. There are already ambitious men and men with grievances in public life in the Territory, Australians as well as Papuans and New Guineans. There are also Papuans and New Guineans who are genuinely convinced that political development should be speeded up. We must expect these people to seek power and office, and to be impatient of slow advance to self-government. The House of Assembly as now constituted is a useful forum for such men and one in which the government viewpoint cannot always be well and effectively put. It is a place where

opposition to the Administration is itself a useful policy for individual members who want to make a name for themselves.

The effect of these factors can to an extent be influenced by the Administration. While I do not suggest that we base our economic policies on pleasing the people (that would be a 'hand-out' philosophy), we can retain a degree of flexibility. This would enable us to make certain modifications to accommodate political considerations. This does not involve a new policy. I would go a stage further than this and, for political reasons alone, suggest some slowing down in the present forced pace of economic development, with a consequent reduction in some of the social strains involved. But more important than changing our policies is their presentation. If the Administration can by public and private persuasion convince leaders and the younger and better educated people that our economic policies are the best and indeed the only ones which will bring viability and that the process is inevitably a long one, demanding their participation and support, then I would be hopeful that the economic factor will be one which slows the movement towards self-government.

Reviewing these factors, I incline to the view that, if we wish it, the pace of the arrangements towards self-government can be kept reasonably slow and orderly. This would not involve the government or the Administration in putting on the brakes in a formal sense. The decision on this would, in accordance with present policy, be one for the people themselves through the House of Assembly as the means of expressing majority opinion. The role of the Administration would be one of education, of exposing the facts which point to the need for steady movement and of avoiding measures which unnecessarily provide causes for the political agitator. Positive action would include better orientation and education of the Australian in the Territory, old inhabitant as much as the new, and through non-government organisations (such as Chambers of Commerce) as well as the Administration. It would also involve education of a specialised kind to make it possible for more Papuans and New Guineans to enter successfully into small or large business as entrepreneurs or shareholders. It involves education for productivity, a considerable task. All these things should occupy more attention from the Administration than they have in the past.

But by the words 'reasonably slow', I do not mean 'delayed indefinitely'. Once the capacity for self-government exists, in terms of trained and experienced manpower, the argument for delay will lose its force. In the next ten years, or say within the life of the next two Houses of Assembly, this capacity will greatly increase, and any time after 1976, the situation could be much different to that now prevailing.

I mention this tentative time scale to make the point that at best the movement towards self-government is likely to be a good deal faster than movement towards economic viability.

Should the course of events follow, broadly, either of the two first-mentioned possibilities, I submit that the obligation of Australia to aid the political, economic and social advancement of the Territory and to defend it remains. The pace of progress towards self-government does not affect the nature of our obligation unless it is accompanied by a deterioration in relations between the two countries. It is only at the point of independence that the continued existence of our obligation should be called in question.

It follows that the question of continued Australian financial assistance to the Territory has to be considered as a long-term one not only because of the nature of the development

task but also because of the nature of our obligation. The modalities could change from, for instance, the present annual subvention to the Territory's budget to a system of annually negotiated grants for specific development purposes. I have no firm views yet on this. There are other possibilities, such as aid by way of low-interest loans as suggested by Walinsky.³ But I do not see that consideration of this important policy question need be tied too closely to the progress of the Territory towards self-government.

I hope the government will, without prejudice to its basic policy of leaving all options open, instruct the Administration to do what it can to bring about a course of events leading towards a gradual, orderly and peaceable progress towards self-government on the basis of continuing Australian financial and other assistance during and after the attainment of self-government.

I do not in this letter canvass the situation we would face if relations were to deteriorate and there were to be a precipitate rush towards independence. Naturally this course of events would cause the government to review its policies, including its aid policies.

This completes my assessment of likely political developments as a background to consideration by Cabinet of aid policy.

One thing which clearly emerges from a study of economic development is the need for firm government at the centre. This is required in order to put the necessary economic policies into effect. It is also required for another reason, namely to forestall a tendency towards fragmentation. There is not yet a feeling of unity in the Territory sufficient to withstand the centrifugal influences which would immediately be at work if Australia should withdraw from the Territory in the next five years or so. The influences are already at work. They manifest themselves in tensions between Papuans and New Guineans (the feeling in this has surprised me); in occasional talk amongst influential Tolais of New Britain 'going it alone'; in the strong (but not justified) feeling of Bougainville people that they are neglected and that they should keep for themselves the tremendous asset of their mineral resources. Factors such as these caused the Foreign Affairs Committee in 1966 to predict that the shape of an independent Papua and New Guinea would be different to that of the present two Territories.⁴ In my view the government should go to great lengths to prevent this happening. It is sufficient reason for us to resist proposals for

3 American consultant economist L.J. Walinsky had been commissioned by the Government to 'advise on [a] The most effective approach for completing a comprehensive long term economic development programme [b] The administrative machinery and procedures required for implementing the planned programmes effectively, for reviewing them periodically and for adapting annual budgets so that they will to the fullest extent reflect plan priorities and contribute towards the achievement of plan targets [c] Any comments on the content of the proposed economic development programme'. On Australia's grant aid to PNG, Walinsky argued that there were three reasons why this should be 'modified before very long. The first of these is that Commonwealth aid will be extended in an increasing degree for capital development projects of a self-liquidating nature which can appropriately service the loans which may be extended to them. Second, while I am not aware of any disinclination on the part of the Commonwealth Government or of Australian taxpayers to provide, solely on a grant basis, the increasing amounts of external aid required for the economic development of the Territory, it seems to me only natural that in due course such a disinclination might develop. Thus, the total of grants plus loan assistance in future might well exceed in substantial degree the amount the Commonwealth Government and the people might be willing to extend on a grant basis only. Third, and more important, is the objective of fostering a sense of financial responsibility within the Territory, as responsibility for self-government is broadened ... It has been, I think, a general experience in other developing countries that grant aid is not used as carefully, responsibly and effectively as is aid which must be repaid ... Such loans, if extended, could of course be on terms as liberal as circumstances required' (report by Walinsky, 3 July 1967, NAA: A452, 1967/7044).

regionalisation or for a federal system. Both would in any event be artificial. The natural unit of the language group is not coterminous with sensible economic or administrative regional groupings. There will be a certain amount of amalgamation of local government councils. This will be a good thing on a district basis, but I see no cause to encourage it on a regional basis.

If the argument for strong central government is accepted, there are other important consequences for the Administration in 1968. It will clearly colour our attitude towards future constitutional development. It requires some brake on the present enthusiasm for expanding (qualitatively and quantitatively) local government. It also requires, in my view, a strengthening of the line of communication from the Administrator to districts, sub-districts and the village. I have been unhappy at the present division of responsibility between the Department of District Administration and the Department of the Administrator in respect of what goes on in districts and at the village level. I believe that some amalgamation of these two departments is called for, with certain marginal responsibilities from these and other departments being brought together into a separate, service department. Such a rearrangement would strengthen the hand of the Administration and be a basis for firm central control as progress is made towards self-government. I shall discuss this as soon as possible with the Public Service Commissioner with a view to our making a joint submission to you.

Once the government's economic policies for the Territory have been reviewed, I see it as essential that the Administration do its utmost to mobilize public and private support for them. The road ahead is a long and hard one requiring, as I have said, firmness at the centre. But this is not a thesis which will capture the imagination of the leaders and of the younger men who, from an administrative viewpoint, are going to have an essential part to play. Two things, in my opinion, have to be done. The first is to avoid a position in which it can be said that our policies have been imposed on the Territory. There must be genuine consultation (by which I mean consultation which entertains the possibility that the government's views will be modified to accommodate the views of the Territory). This consultation needs to be continuous and to take place with businessmen and the younger educated men and women, with local government councils and the 'big men' in the rural areas, as well as with the new Administrator's Executive Council as soon as it is formed.

The second requirement is effective public presentation of what the Administration is doing. Attention has been paid to this in 1967. More attention is needed, including the use of professionally trained persons. I hope in this connection, that public statements by the government, including those which you authorize me to make in the Territory can be drafted so as to fire the imagination and, in a practical way, to create the incentive for people in the Territory to look upon its development as a task essential to the building of a nation.

I have not, in this letter, attempted an exhaustive commentary or set of recommendations. I have been deliberately selective. Two things remain to be said.

4 Presumably a reference to the 1966 report on PNG by a sub-committee of the Joint Committee on Foreign Affairs which, in fact, discussed the prospect of independence on the basis of the assumption that 'an independent nation would not necessarily embrace only the present Territories' (undated, NAA: A1838, 561/6/10). See also footnote 3, Document 78.

The first is that good relations between the Administration and the Department of Territories have been an important objective. A certain amount of tension between the outpost and the headquarters is bound to exist, and there are some in the Territory's public life who make a point of exaggerating it. But in my experience so far, there has been no problem that could not be amicably discussed with the Secretary and his officers, and when, as has not often been the case, views have not been reconciled, I am satisfied that the Administration's case has been fairly put to you when you have made your decision. I have also found valuable the present practice of joint Administration–Department study of major issues. There is no need for me to add that I personally have been treated by the Secretary and his officers with the utmost courtesy and understanding.

The second thing is that, in my opinion, as the capacity of the Administration to handle responsibilities is demonstrated, there should be a gradually increasing degree of delegation within agreed policy to the Administration. I have already made certain proposals to this end⁵ and propose to follow them up in 1968.

I have written this letter at a time when the political and security situation in the Territory has been quiet, the elections are starting in an atmosphere of calm and there is a moderate confidence about the economic future. All reports reaching me confirm this general conclusion.

In conclusion, I would like to thank you personally for your understanding response to the problems of the Administration and for your courtesy towards myself which has made it a pleasure to work under your direction.⁶

[NAA: A452, 1966/4576]

156 LETTER, HAY TO WARWICK SMITH

Port Moresby, 2 February 1968

I mentioned to you during my recent visit to Canberra that I had received a letter from Sir Donald Cleland in which he suggests the establishment of a Commission, under the Commissions of Inquiry Ordinance, to study the future constitution of the Territory. The case for such a Commission is set out in Sir Donald's letter of which I attach a copy.¹ He also elaborates on its proposed functions and how it would fit in with further work by a House of Assembly select committee on the one hand and a constitutional convention on the other.

⁵ See Document 144.

⁶ Barnes informed Hay verbally that he was in full agreement with the policy matters raised in the letter (see Document 259).

¹ 8 January. Cleland suggested that an independent full-time committee or commission should study and evaluate possibilities for a constitution. He believed that the various select committees on the constitution had done 'a good job', but that 'their activities were governed by the fact that it was a part time job for the members, both official and elected'. Cleland further proposed that such a commission could publish papers during its investigation and interact with any select committee the House might establish. Finally, a constitutional convention, elected on a broader basis than the House, could evaluate the commission's findings. Cleland submitted that the government might announce the plan at the beginning of the new House of Assembly and he offered himself as chairman of the commission because this 'would make for a more general acceptance of the Government's proposed move' (NAA: A452, 1968/932).

My first reaction is that the less said about formal constitutions for the present, the better. Time is needed for the economic development of the Territory, essentially a long term process. If we encourage study of constitutions the likelihood is that this will stir up interest in rapid political advancement.

Of more weight perhaps is the consideration that the constitution should be a matter which the Territory itself initiates and draws up.

On the other hand the report of the Select Committee² envisages that a further stage in the consideration of constitutional matters will take place early in the life of the new House of Assembly.

The concluding paragraphs suggest 'the appointment of a further constitutional committee, which would continue the study of the constitutional advancement of Papua and New Guinea, including the question of a constitution and system of government best suited to the Territory'. We must expect the House to address itself to this matter before the end of 1968.

We need to consider whether there would be advantage in the Administration taking the initiative, on the lines suggested by Sir Donald or in some other way, in order to provide the future Committee with basic advice and the general public with information about the issues in simple terms.

On balance I incline to the view that the Administration should take the initiative at an appropriate time, and that the initiative should take the form of an offer to pay for a constitutional consultant, the person to be agreed on between the Administration and the Speaker, to be at the service of both the House and the Administration for a given period of time.

I should be glad of your views before making a formal submission.

In the meantime I have advised Sir Donald that his proposal is under consideration and will in due course be brought to the Minister's attention.³

[NAA: A452, 1968/932]

2 Document 118.

3 In a minute to Swift of 9 February, Ballard wrote that Hay had commented to him that 'he certainly did not support Sir Donald's proposal but wanted to discuss whether we should not put in first with a proposal of our own to forestall such ideas'. Ballard added: 'I do not think that we should set up a body to concentrate on a step after the one we are now considering; but we should do all we can to concentrate attention on making the ministerial member system work and taking the stand that what comes after must depend on this' (NAA: A452, 1968/932). Swift recommended to Warwick Smith that 'action should not be taken now but that the possibility of applying the principle suggested by Sir Donald in some form or other should be kept in mind after the House has met and some indication is available of the approach of the new members' (minute, 12 March 1968, *ibid.*).

157 SUBMISSION, SHANN¹ TO HASLUCK

Canberra, undated

CONFIDENTIAL

Papua and New Guinea and the Asian Development Bank

This submission brings to your attention questions that have arisen affecting the eligibility of Papua/New Guinea to secure development loans from the Asian Development Bank in the event that the terms of Australia's regional membership of E.C.A.F.E.² are widened to include the Territory.

Background

2. In November, 1965, on a submission seeking authority for the introduction of legislation authorising Australian membership of the Asian Development Bank, Cabinet decided *inter alia* that the Territory of Papua/New Guinea should be eligible to receive loans from the Bank, but the means of securing such eligibility and the implications that would arise therefrom should be investigated at a later date.

3. In its report on the meeting of the Preparatory Committee of Officials, held in Bangkok in October/November, 1965, to draft the Bank's Articles of Agreement, the Australian delegation noted that:

- (a) the Territory was not, under the terms of the articles as then agreed, eligible to receive loans from the Bank;
- (b) to render the Territory eligible for such loans Australia would have to *either* amend the terms of its membership of E.C.A.F.E. to cover Papua/New Guinea *or* seek Associate membership of the Territory.

4. At the Second Ministerial Conference on Asian Economic Cooperation, held in Manila from 29 November to 1 December, 1965, as Leader of the Australian delegation, you stated on 29 November:

'Australia is not a fully developed country. Nevertheless, the Australian Government does not expect to receive Bank loans or assistance in respect of the mainland of Australia. In considering Australia's approach to the Asian Development Bank proposal, including the amount of Australia's subscription, we have had in mind however that the Territory of Papua and New Guinea, which is not at the moment economically viable and which is one of the least developed areas of the world in economic terms, would be eligible for Bank loans at some time in the future. Any requests which we might make for Bank assistance in respect of the Territory would not be made in the early years. We understand that the Articles as at present drafted would place no legal impediment in the way of the Bank making loans to the Territory of Papua and New Guinea provided the terms of Australian membership of E.C.A.F.E. are amended to make it clear that Australian membership covers not only "Continental Australia" (the present wording) but also the Territory of Papua and New Guinea'.

5. On 3rd December, 1965, you made a statement in similar though briefer terms to the Conference of Plenipotentiaries on the Asian Development Bank, held also in Manila

1 K.C.O. Shann, First Assistant Secretary, Division 3, DEA.

2 The UN's Economic Commission for Asia and the Far East.

from 2nd to 4th December, 1965. That statement concluded: ‘...³ We understand that the Articles would place no legal obstacles in the way provided the terms of Australia’s membership of E.C.A.F.E. are amended appropriately’.

6. The report of the Australian delegation to the two Manila meetings referred to above, stated inter alia: ‘There was no dissent from this understanding and the Executive Secretary of E.C.A.F.E. indicated his assent’.

7. On 22 March, 1966, Cabinet decided, inter alia ‘that early steps should be taken to seek to put the Territory of Papua and New Guinea in the position where it would be eligible for aid from the Bank (it being indicated that eligibility of the Territory might best be achieved by extending the definition of Australia to include the Territory of Papua and New Guinea for the purposes of membership of E.C.A.F.E.) ...’.

8. Since then, as you know, consideration has been given to the manner and means by which an amendment to Australia’s terms of membership of E.C.A.F.E. should be sought, culminating in your approval to our sounding out the views of state members of E.C.A.F.E. on the Australian application being proceeded with at the forthcoming session of the Commission, to be held here next April.⁴

Views of member governments to date

9. Information received so far suggests that none of the governments approached by our missions overseas would oppose the application to amend Australia’s terms of membership to include Papua/New Guinea although the Malaysians have questioned our reasons for not proposing Associate membership for the Territory. We have received no advice as yet on the position that might be adopted by Cambodia; nor have approaches been made directly or indirectly to the U.S.S.R. (a non-regional member) or to Outer Mongolia (a regional member). Several other governments have given us only a tentative view at this stage, but it is not anticipated that any of these would raise serious difficulties if pressed to cooperate. Nonetheless, there could be some critical comment at the session on Australia’s policy position in relation to the Territory.

10. With regard to the handling of our application, should it be decided to proceed with it in the light of what is said below, the Special Assistant to the Executive Secretary of E.C.A.F.E., Mr. V.M. Bhatt, has suggested to the Embassy in Bangkok that the application might appropriately be raised initially and informally with Heads of Delegations in the early stages of the session, and in the event of there being no explicit dissent, it could be announced in Plenary by the Executive Secretary and thereupon adopted.

The Legal Position affecting Papua/New Guinea’s eligibility for A.D.B loans

11. Since its inauguration in November, 1966, the Asian Development Bank has acquired a high degree of autonomy over its operations. Its powers are laid down in the Articles of Agreement and major decisions are taken by the Board of Governors pursuant to those powers. For all effective purposes, it is entirely independent of E.C.A.F.E..

12. At the Manila meetings referred to above, held to draft and settle the Articles of Agreement, it was generally understood, in so far as attention was directed to the question, that the Articles per se did not empower the Bank to extend loans to the Territory of Papua/New Guinea. The geographical scope of the Bank’s operations was to be co-

3 Ellipsis and those following are in the original.

4 ECAFE’s 24th Session was due to be held in Canberra, 17–30 April 1968.

terminus with that of the E.C.A.F.E. region. It was the 'understanding' of the Australian delegation that if Papua/New Guinea were to be included subsequently within the region it would, ipso facto, become eligible for loans from the Bank. Confirmation of this understanding was sought from other delegations, though none gave it explicitly. Indeed, it would appear that unless the Articles were to be read in the light of the records of the proceedings of these conferences, embodying as they do the Australian understanding to which no one dissented, the view that Papua/New Guinea would acquire eligibility simply in consequence of its inclusion in the geographical scope of the region would be difficult to sustain. A prima facie examination of the Articles does not support such an interpretation.

13. Whether or not it can be argued (and we believe it can be) that the Articles should be read in conjunction with the records of the proceedings, there nonetheless exists a clear doubt concerning the Territory's eligibility to receive loans from the Bank upon a simple amendment of Australia's terms of membership of E.C.A.F.E. to include the Territory within the region. This doubt, which was not apparent at the time of the earlier meetings, arises largely because the Bank since its inception has taken on an existence independent of the circumstances and informal understandings which surrounded its formation, and as time goes on it is likely to become increasingly difficult to obtain acceptance of the view that specific provisions of the Articles should be construed on the basis of or subject to the contents of extra-legal documentation. Australia's status as a member of the A.D.B., irrespective of its geographical coverage, is already regarded as being that of a developed member country, while the purpose of the Bank is, inter alia but essentially, 'to contribute to the acceleration of the process of economic development of the *developing* member countries in the region, collectively and individually' (underlining added).

14. As mentioned above, decisions affecting the legal powers of the Bank and on the construction of its Articles, are taken ultimately and finally by the Board of Governors on the basis of advice submitted by the Bank's legal advisers. Although no precedents have been established within the A.D.B. for the view, the Board of Governors would not appear to be bound by such legal advice. Hence, any decision of the Board, as finally adopted, could blend both legal and political considerations relating to the particular question put to it for determination.

15. Being concerned with the implications for Australia's relationship with E.C.A.F.E., and the position of Papua/New Guinea in this regard, should our application proceed but fail in its objective of securing the Territory's eligibility for A.D.B. loans, this Department and the Department of the Treasury sought recently an opinion on the legal issue from the Attorney-General's Department. On perusing the relevant documents, the Attorney-General's Department confirmed our doubts, and undertook to let us have a considered opinion as quickly as possible. (Attorney-General's Department has since confirmed their initial advice.) We have also obtained an opinion from the Australian Director of the A.D.B., Mr Garland,⁵ who on 29 January, advised that his informal discussions with the General Counsel of the Bank indicated that legal opinion in the Bank tended to the view that *three* steps would be required to qualify Papua/New Guinea for A.D.B. loans, namely:—

- (i) extension of E.C.A.F.E.'s terms of reference (i.e. geographical coverage) to include Papua/New Guinea
- (ii) acceptance of the Territory as an *Associate* member of E.C.A.F.E.
- (iii) acceptance of the Territory as an *Associate* member of the A.D.B.

⁵ J.M. Garland.

Assessment of implications

16. Whether or not our previous understanding regarding the eligibility of the Territory for A.D.B. loans on a simple amendment to Australia's terms of membership of E.C.A.F.E. will ultimately prevail, we feel that given the independent status of the Bank we can no longer assume that it will. Consequently, the question arises as to whether we should proceed with the application to amend our terms of membership of E.C.A.F.E. in spite of these doubts, or adopt some alternative course of action. The sole purpose of the present application, as we understand it, is to render the Territory eligible to receive A.D.B. loans; it is not related to any consideration of the possible advantages that might accrue to the Territory from it being associated with E.C.A.F.E. in the broad or more general sense. In the situation that has now emerged, it would appear that the only certain way of securing the Territory's eligibility for A.D.B. loans would be *inter alia* through Associate membership of E.C.A.F.E. This of course raises considerations relating to the longer term political and economic orientation of the Territory going beyond the limited objective now in hand. We understand that the Department of the Treasury maintains the view that the Territory's eligibility for A.D.B. loans should be secured even if this should involve a change in the basis of our pending application before E.C.A.F.E. On the other hand, the Department of Territories has some reluctance in entertaining the alternative course (i.e. by way of Associate membership), on the ground that its overall implications for the Territory would exceed the limited objective of securing loans from the A.D.B. and exceed also present Government policy regarding the Territory's future status. Because of the conflicting viewpoints apparent between the Department of the Treasury and the Department of Territories, and because basic policy questions affecting the future of the Territory have become involved, it is possible that you may now take the view that the matter should be referred back to Cabinet for further determination. In the meantime, pending Cabinet's review of the position, we would consider that we should hold in abeyance any further action on our application for amending the terms of our membership of E.C.A.F.E.. Should you agree that the matter should be reconsidered by Cabinet, the further question arises as to whether this should be on the basis of a submission by yourself, or by the Treasurer; or whether a joint submission involving the Ministers of the three Departments directly concerned, including the Department of the Territories, might be envisaged. If the matter is to be resubmitted to Cabinet, we would appreciate guidance as to whether you would wish the question for consideration to be limited to a decision on proceeding with the current application or whether the wider question of Associate membership of E.C.A.F.E. for the Territory might be canvassed.

17. Alternative courses to those outlined above would be to seek immediately an authoritative and formal opinion from the A.D.B. at the level of the Board of Directors, on the question of the Territory's eligibility should the proposed amendment to Australia's terms of membership of E.C.A.F.E. be effected, and in the event of that opinion being positive, and obtained in time, proceeding as before with the application; *or*, deferring the application for another year (i.e. until after the Canberra session), and in the meantime seek an authoritative and binding opinion from the A.D.B. at the meeting of the Board of Governors next April.⁶ A relevant consideration affecting these latter courses is that the next meeting of E.C.A.F.E. in Australia could possibly offer the last opportunity we will have for some time for obtaining a sympathetic response on matters initiated by

⁶ The Board was scheduled to meet in early April.

ourselves affecting the Territory's status, though against this it may be difficult to obtain an authoritative opinion from the Bank within the time at our disposal.

18. On balance, we would favour the matter in all its aspects being referred back to Cabinet for determination so that inter-departmental differences of viewpoint may be resolved and the necessary preparations to facilitate the desired course of action undertaken before the 24th Session of E.C.A.F.E., which begins here on 17th April.

19. Departmentally, we would see advantages, both for ourselves and the Territory, if Papua and New Guinea were to acquire Associate membership of E.C.A.F.E. at this point of time. Indeed, so far as our position at the United Nations is concerned, there is a danger that an attempt to expand the territorial definition of Australia to include Papua and New Guinea could be misunderstood and give rise to suspicion of our motives and cast doubts on our declared intention of self-determination for the Territory.

20. The advantages of Associate membership to the Territory itself would be threefold, at least. In the first place, there would be the value of participation in E.C.A.F.E. activities themselves. E.C.A.F.E. is probably the most effective of the three United Nations regional economic commissions for developing areas. As well as managing several concrete regional projects, E.C.A.F.E. has (in addition to sponsoring the Asian Development Bank) set up the Asian Industrial Development Council and has carried out many studies of potential areas for regional economic cooperation, a number of which have produced fruitful results. The direct association of the Territory with E.C.A.F.E. should lead the Commission to take a sympathetic and constructive interest in the Territory's economic problems.

21. Secondly, there would be advantage for Papuans and New Guineans in participating in the work of a responsible regional organisation. Few political or otherwise contentious matters arise at E.C.A.F.E. meetings, most of which are characterised by a keen desire among the delegates to participate in cooperative and mutually beneficial activity. If the Territory were to achieve independence—or any degree of political autonomy short of that—it would be desirable for its political leaders and senior officials to have sound training in responsible participation in international gatherings. E.C.A.F.E. meetings are well suited to this purpose. It would be useful for Australia to be able in future to deal with Papuan and New Guinean leaders who have gained experience in cooperative meetings as well as in the heavily political atmosphere of United Nations meetings which they have so far experienced. Their ability to negotiate well and reasonably will also affect their future international standing not only in political terms but also when they seek international aid.

22. Thirdly, meeting with E.C.A.F.E. members would give Papuans and New Guineans a useful basis for developing bilateral relations with Asian countries. At present Papuans' and New Guineans' views of Asia are dominated by their attitudes towards Indonesia which in turn have grown out of their attitudes towards the Indonesian administration of West Irian. It would seem most desirable that Papuans and New Guineans be brought into association with the Indonesian Government in other spheres, and more generally with other Asian Governments, so that their attitudes to Indonesia and the rest of Asia are developed from a wider and sounder basis.

Recommendations

23. *It is recommended* that you

- (i) agree that further action relating to the application to amend Australia's terms of membership to E.C.A.F.E. be deferred pending an early review of the question by Cabinet; and
- (ii) approve our proceeding in consultation with the Department of the Treasury and the Department of Territories to draft a joint submission to Cabinet on the future relationships of the Territory of Papua/New Guinea with both E.C.A.F.E. and the Asian Development Bank, including the possibility of Associate membership of both organisations being sought for the Territory.⁷

[NAA: A1838, 3004/16/1]

158 MEMORANDUM, AG'S (EWENS)¹ TO DOT

Canberra, 6 February 1968

I refer to your memorandum dated 2 January, 1968, regarding the withholding of assent from part of a Territory Ordinance.²

⁷ Hasluck's response is not indicated on this copy, and the original has not been found. However, a circular to posts (savingram 0.8165, 6 February 1968, NAA: A1838, 925/3/3/1 part 2) shows that the Minister accepted the recommendation, although the issue was not brought to Cabinet. A later submission to Hasluck's successor, William McMahon, explained: '[In 1968] the Administrator came down in strong terms against the Territory joining ECAFE. In the implication that the Territory was to assume an increasingly separate international status he saw danger for international agreements relating to the Territory's commodity trade. He was, further, unable to see any particular advantage in ECAFE membership. The Minister ... (then Mr. Hasluck) generally was in support of the Administrator's views ... Further examination, especially by the Department of Trade & Industry, and in consultation with London concerning British experience with Hong Kong and Fiji (both associate members of ECAFE), tended to demonstrate that the Administrator's fears were not well-grounded. Membership of ECAFE was seen as having no commercial repercussions; as for constitutional implications, *associate* membership had the effect of confirming the member's constitutional ties with the responsible Metropolitan power ... The Department of External Territories nevertheless remained hesitant in 1969 to move forward on the course of seeking associate membership of ECAFE for the Territory. This Department, influenced by the Territory's attitude and having some doubts of our own about the wisdom of the step into ECAFE, initiated exploration of possible other courses—namely interpretation or amendment of the articles of Agreement of the Bank. However, backed by the legal view of Sir Kenneth Bailey [DEA's Special Adviser on International Law], this led to a dead-end' (submission by Shann, 19 February 1970, *ibid.*). The matter was revived in 1970.

¹ J.Q. Ewens, Parliamentary Draftsman, AG's.

² Not found. However, a minute from Payne to Swift of 23 November 1967 records that the 'Secretary wants us to take up with A.G.'s the question of withholding assent to part of an Ordinance with a view to amending the Act to deal with the Voutas amendment [to the Public Service Ordinance]' (NAA: A452, 1970/4519; see also B270/963, Warwick Smith to Hay, 21 March 1968, NAA: A452, 1968/4520). Voutas' amendment was moved in November 1967 during debate on the Administration's bill to introduce a single line salary structure for the public service (that is, there would no longer be separate salary classifications for overseas and PNG officers—additional remuneration to expatriates would be paid by special allowances) (see press statement by Barnes on implementation of the changes, 1 August 1968, NAA: A1838, 936/3/10). Voutas' change was intended 'to make the base pay for women and men who do the same work in the public service equal' (*House of Assembly debates*, 20 November 1969, NLA: Nq 328.952 PAP, p. 2991). It seems Warwick Smith wanted to provide for a means by which the Governor-General could, on recommendation of the Minister, assent to parts of an ordinance inspired by, or acceptable to, the government while blocking the undesired portions.

2. The records of this Department do not disclose the reasons for the removal from the Papua and New Guinea Act, by the amending Act of 1963, of the power to withhold assent to part of a reserved Ordinance.

3. You ask for my views on the matter. It appears to me to be wrong in principle for a power to exist to assent to part only of an Ordinance. The basic reason for this view is that the exercise of such a power could result in the Ordinance becoming law in a form in which it would not have secured a passage in the Legislative Council. This could arise in two ways. In the first place exclusion of a particular provision from the Ordinance as assented to could alter quite drastically the effect of the part assented to. For example, if a reserved Ordinance contained a provision that it should not apply to females the omission of this provision would, of course, have the effect of extending the remainder of the Ordinance to females. In the second place, even though the provision to which assent was refused was not connected in its operation with any other provision of the Ordinance, it may be that members of the Council would have refused to vote for the remainder of the Ordinance if it had not contained that provision—they may have accepted the Ordinance as a ‘package deal’. This could be the case in the instance you mention of the Ordinance in which the legislature inserted the provision for equal pay for male and female officers. It may be that, if that provision had not been inserted, the rest of the Ordinance would not have been passed and, if this is so, it would seem to be an intrusion on the province of the legislature to bring into force in the Territory the remainder of the Ordinance.

4. I may add that difficulties can arise in deciding what, as a matter of law, is a ‘part’ of an Ordinance for the purpose of the withholding of assent ...

5. I note that both the Northern Territory (Administration) Act and the Papua and New Guinea Act permit the Governor-General to disallow part of an Ordinance. In my view the objections that I have raised to the power to assent to part of an Ordinance apply equally to power to disallow part of an Ordinance. It may be suggested, however, that there is less justification for a power to assent to part of an Ordinance than for a power to disallow a part of an Ordinance because, in the former case but not in the latter, the Ordinance could be referred back to the legislature with a recommendation for amendment.

6. I have not been able to find in the recent book entitled ‘Commonwealth and Colonial Law’ by Sir Kenneth Roberts-Wray any reference to a power to assent in part to, or to disallow in part, colonial laws. Section 58 of the Commonwealth Constitution empowers the Governor-General to withhold assent from a proposed law, but does not empower him to withhold assent from part of a proposed law. Section 59 of the Constitution empowers the Queen to disallow any law but does not empower her to disallow part of a law.³

[NAA: A452, 1970/4520]

3 In a marginal note to Payne of 19 February, Warwick Smith wrote: ‘Why not disallow part and re-submit as thereby resulting? Would this be different in practice from recommended amendments?’

159 MEMORANDUM, DOT (SWIFT) TO AG'S

Canberra, 13 February 1968

Amendment of the Papua and New Guinea Act, 1949–1966

In Decision No. 558 of 7th September, 1967, Cabinet approved amendments of the Papua and New Guinea Act¹ to give effect to its acceptance of the recommendations of the final report of the Select Committee on Constitutional Development² appointed by the Territory's House of Assembly. This memorandum sets out the instructions for the drafting of a bill to give effect to Cabinet's Decision. It should, however, be read together with the Select Committee Report, a copy of which is attached.

[matter omitted]

Administrator's Executive Council

3. The Administrator's Executive Council will replace the Administrator's Council. The Administrator's Executive Council will comprise—

- the Administrator;
- three official members of the House of Assembly;
- seven elected members of the House of Assembly who hold appointments as Ministerial Members;

In addition provision is to be made for the appointment of an additional elected member of the House of Assembly who does not hold office as a Ministerial or Assistant Ministerial Member if this is considered necessary or desirable.

4. The seven Ministerial Members will be 'ex officio' members of the Council. Other members will be appointed by the Minister for Territories on the nomination of the Administrator. Official members and the possible additional elected member referred to above will hold office during the Minister's pleasure but provision should be made for other members to cease to hold office if they do not continue to hold appointments as Ministerial Members.

5. If an official member or the possible additional elected member wishes to resign he shall deliver a written resignation to the Administrator for transmission to the Minister, the resignation to be effective when accepted by the Minister.

6. Subsection 4 of section 19 of the Act provides that a member of the Administrator's Council may remain in office up to three months after he ceases to be a member of the House of Assembly. This provision serves to retain the Administrator's Council from prorogation of the House for a general election until the new House meets after an election. It is desirable to retain provisions on these lines but you might consider whether any amendment to this subsection is necessary arising from the fact that membership of the Council depends, in some cases, on the holding of office as a Ministerial Member.

Ministerial Members

7. Except for the change from 'Minister' to 'Ministerial Member' the Government accepted the Select Committee's recommendation that seven elected members be appointed

1 See footnote 4, Document 139.

2 Document 118.

‘to be responsible with the permanent Departmental Head for department policy and for the overall activities of the department’. In the context of the Select Committee’s Report, the responsibilities of a Ministerial Member in this regard must be read as being exercised within the framework of Administration policy laid down by the Minister. This aspect is referred to later in paragraphs 9–11 of this memorandum. The other recommendations which the Government agreed to and which are relevant in this respect are—

- (i) that the Ministerial Member represent the department in the House of Assembly; and
- (ii) that disagreements between a Ministerial Member and the Departmental Head be referred to the Administrator for decision.

8. Cabinet approved that the Papua and New Guinea Act amendments should provide for the appointment, duties and authority of Ministerial and Assistant Ministerial Members.

9. Increased participation by elected members in the executive government through the Administrator’s Executive Council and through the office of Ministerial Member will require changes to be made in the practical arrangements under which the executive government is now carried out. At the same time it is necessary to ensure that under the Act the Commonwealth Government has the authority necessary to discharge the responsibilities it will continue to have for the administration of the Territory.

10. Under the Act at present it seems that there is no restriction on the power of the House of Assembly to make Ordinances giving executive authority in various areas to holders of statutory offices. Unless there were provisions in the Act to prevent this, it therefore would be within the legislative powers of the House, for example, to make an Ordinance giving executive powers to a Ministerial Member. As it is not the intention that the House of Assembly should have the power to widen the scope or nature of the office of Ministerial or Assistant Ministerial Member it will be necessary to describe the functions and authorities of those offices in the Act in such a way as to prevent the House of Assembly conferring additional functions of an executive nature on such office-holders.

11. This might be achieved by providing that subject to section 13 of the Act³ (or some other appropriate words of limitation on the responsibilities of this office) a Ministerial Member may exercise such duties, powers, functions and responsibilities as may be set out in Governor-General’s instructions under section 15 of the Act.⁴ (Such instructions would cover the two matters listed at the end of paragraph 7.)

12. Another matter which bears on this question of the local legislature intruding into the area of executive responsibility concerns the position of the Administrator when exercising statutory powers under Ordinance. As part of the general re-organisation of the arrangements for the executive government of the Territory we would like to consider the possibility of provision in the Act to the effect that Ordinances made under authority of the Act shall not be construed in such a way as to limit the authority of the Governor-General to give instructions under section 15.

3 Section 13 deemed that there would be an Administrator of the Territory who would be charged with administering its government on behalf of the Commonwealth.

4 Section 15 reads: ‘The Administrator shall exercise and perform all powers and functions that belong to his office in accordance with the tenor of his Commission and in accordance with such instructions as are given to him by the Governor-General’.

13. The basis of these provisions would be to ensure that so long as the Australian Government remains ultimately responsible for the Territory's administration the responsible Minister can, if he considers it warranted, procure directions to the Administrator as to the exercise of any of his powers and functions.

14. This memorandum attempts only to set out very generally the nature of the provisions which might be included in the Act in this regard. I would appreciate the opportunity of discussing these matters with you in more detail when you have had the opportunity of considering the problems involved. I enclose a statement which sets out how it is proposed the system of Ministerial Members would operate in practice and this might be helpful to you in considering the drafting of appropriate provisions.

Assistant Ministerial Members

15. The relevant recommendation of the Select Committee regarding Assistant Ministerial Members is that in Departments not represented by a Ministerial Member, elected members be appointed to work with the Departmental Head, and to undertake specified work of a ministerial nature within the Department. Paragraph 30 of the Report sets out certain duties which it was considered the office of Assistant Ministerial Member should embrace.

16. It is not proposed that these duties should be specified by the Act. You may, however, consider it necessary or desirable to include some general description in the Act of the office of Assistant Ministerial Member which distinguishes the scope of that office from the office of Ministerial Member. Subject to this, it is thought sufficient that the Act should authorise the Minister to determine the duties which an Assistant Ministerial Member might exercise in relation to a department of the Administration.

Appointment of Ministerial & Assistant Ministerial Member

17. The method of appointment and removal will follow that set out in Chapter V of the Select Committee's recommendations. The House of Assembly will appoint a committee of five elected members to consult with the Administrator and agree with him on a single list of 15 members (to be increased if number of Assistant Ministerial Members is increased) who are to be nominated for the positions of Ministerial Member and Assistant Ministerial Member. The list will then be forwarded by the Administrator to the Speaker of the House for the House's approval.

18. Because the Committee of the House will have certain functions with regard to recommendations to terminate appointments, the Act should provide that a member is disqualified from continuing as a member of the Committee if he holds office as a Ministerial or Assistant Ministerial Member.

19. On the nomination of the Administrator the Minister will appoint seven of the nominated members to be Ministerial Members, and eight members (or a large[r] number if appropriate) to be Assistant Ministerial Members. The Administrator should be given the authority to determine which departments or functions of a particular department are to be represented by a particular Ministerial or Assistant Ministerial Member. The Act should also leave the Administrator free, at his discretion, to change the department or functions of a department represented by a Ministerial or Assistant Ministerial Member, and to make recommendations to the Minister for Territories for changes in the appointment of members as between the two classes of office.

20. There are fifteen departments of the Administration at present. It is possible however that the functions of some departments might be split for the purpose of appointing Ministerial or Assistant Ministerial Members. It is proposed therefore that the Act should provide for the appointment of a minimum of eight Assistant Ministerial Members with the Minister to have power to increase this number as considered necessary.

21. The removal of a member from office (other than a transfer of one member from one office to the other) would follow the same procedures as outlined for recommendations for appointment, i.e. if the Administrator and the House Committee agree they submit to the House of Assembly for its approval a recommendation that a member's appointment be terminated and another member be appointed in that member's place.

22. Suitable provisions would also need to be included in the Act to provide for resignations and filling casual vacancies in these offices.

23. The recommendations of the Select Committee mean that the Administrator would require the agreement of the House Committee, followed by the agreement of the House itself, before an appointment could be terminated. The Administrator could well be faced with a situation where a Ministerial or Assistant Ministerial Member had clearly demonstrated his unsuitability for holding an office of this nature but the Committee or the House will not support, for political reasons, a move to have the member removed from office. I should be glad if you would include a provision giving the Administrator an overriding power to recommend to the Minister that an appointment be terminated.

Oath of office

24. Persons appointed to either of the Ministerial-type offices shall be required to take an oath of office administered by the Administrator. It is thought that the oath should provide for the person concerned to faithfully carry out the duties and responsibilities of the office and not to divulge any information including the contents of any documents which he has become aware of by reason of the office he holds.

Quorum

25. Because of the enlarged House it will be desirable to amend the present section 42 fixing the number of members who constitute a quorum. The present quorum number is based on the principle of at least one third of the total number of members being present. The number for a quorum in the new House should therefore be 32 members.

26. The other recommendations of the Select Committee do not appear to require amendment of the Act. Some are matters which can be given effect to by administrative action: others are matters for action by the House of Assembly itself. In paragraph 15 of its report the Select Committee said that members of the Administrator's Executive Council would not publicly oppose the advice of the Council and the policies laid down by it. In paragraphs 26 and 32 the Report states that this principle should apply to Ministers and Assistant Ministers (now Ministerial and Assistant Ministerial Members). We propose to establish this principle as a convention of the present constitutional arrangements instead of a requirement or obligation in the Act.

27. The bill should provide that the above amendments are to come into operation on a date to be fixed by proclamation.⁵

[*matter omitted*]

Attachment

ARRANGEMENTS FOR OPERATION OF 'MINISTERIAL MEMBERS'

Where a Ministerial Member is appointed to a Department, the Ministerial Member would assume certain of the functions which now devolve on a Departmental Head but the Departmental Head would remain responsible for the general working and the efficient conduct of the business of his Department. The Ministerial Member would be responsible for the Department's operational activities and make day to day decisions appropriate to those activities. There would be consultation between the Ministerial Member and the Departmental Head on policy proposals before the Ministerial Member made his decision.

2. Except in minor matters (where the Departmental Head is free to act at present) policy proposals would be cleared by the Administrator before they are referred to the Ministerial Member for decision. Where appropriate the Administrator would seek the Minister's approval of the policy issues involved.

3. Where policy proposals originate with the Ministerial Member, they would (where necessary) be forwarded by the Departmental Head to the Administrator in the first

5 On 29 February, C.K. Comans, the First Assistant Parliamentary Draftsman, replied at length and in largely technical terms. On the allocation and functions of ministerial office holders, Comans wrote that this should be determined not in relation to specific public service departments, but to 'areas or aspects of ... executive government ... [ministerial] office will be a political one in a broad sense rather than that of a superior public servant'. Comans also argued that the functions of MMs and Assistant Ministerial Members (AMMs) should be delimited by the Minister, not the Governor-General. Regarding paragraphs 10 and 11 of the Swift's memorandum, Comans asked whether, in view of legal complexities associated with meeting DOET's request, 'something less than a complete prohibition of the conferring of powers on ministerial members by Ordinance would meet your needs?'; 'May it not be the case that, as ministerial members increase their experience, the government might wish them to exercise powers requiring the backing of law—possibly with provision for appeal or review?'. In terms of appointments, Comans raised the possibility of disagreement between the Administrator and the nominations committee, and he also suggested that the Select Committee report—accepted by Cabinet—did not distinguish between appointment and the allotment of a portfolio; the Committee may have envisaged the House approving both. As such, the issue should be raised in the Legislation Committee. On the question of instructions to the Administrator, Comans remarked that the proposals of Swift's paragraphs 12 and 13 brought 'serious, and perhaps insurmountable, difficulties' of consistency with 'the rule of law'. 'It would', he noted, 'be entirely contrary to accepted principles to give the Governor-General, or the Minister, power to instruct the Administrator to act otherwise than in accordance with the law as contained in the relevant Ordinance'. His personal view was that 'it would be unwise to attempt to put on a strict legal basis a power of direction of the Administrator in the exercise of his powers under Ordinances ... it seems likely that legal complications could ensue from such a course and that these could emerge in litigation with private citizens ... I would think that the relationship between the Minister and Administrator should be a matter of co-operation rather than legal direction, and I consider that it would be proper for the Government to expect the Administrator to act consistently with Government policy, as communicated to the Administrator, to the extent that he can do so consistently with the terms in which powers are conferred on him by Ordinance' (memorandum, AG's (Comans) to DOET, 29 February 1968, NAA: A452, 1970/4520). Commenting on Comans' response, Ballard minuted Warwick Smith: 'I think that we would do better having a talk with Comans before we go too far. This may help resolve what can be done and what cannot be done by way of the amendments' (March 1968 (no exact date cited), *ibid.*). For a detailed reaction to Comans' memorandum, see paper by E.R. Kirkpatrick (Acting OIC, Government and Constitutional Section, DOT), 15 March 1968, *ibid.*

instance. If Ministerial approval is necessary the Administrator would forward the matter to the Minister with his recommendation as in paragraph above.

4. In practice, it is not expected that cases would arise where the views of the Ministerial Member could not be reconciled with official views. The close working relationship of the Departmental Head with the Ministerial Member should enable agreement to be reached by compromise if necessary.

5. In cases where significant policy issues are involved the Administrator will submit the matter to the Administrator's Executive Council for its advice before any firm decisions are made—if necessary the issue would be reviewed in the light of the Council's advice.

6. The Ministerial Member would represent his Department in the House of Assembly by answering questions; by introducing legislation concerning his Department's functions and taking responsibility for guiding the legislation through all stages of proceedings in the House of Assembly; and by giving his Department's view on resolutions and motions affecting his Department. He would be a member of the Administrator's Council.

7. In the House of Assembly he would defend his administration of his Department. As a member of the Administrator's Council, he should support, or at least not publicly oppose or criticise policies or actions of the Administration. The {Ministerial Member} should only introduce Administration Bills which have been approved for this purpose.

8. At the departmental level, Ministerial Members would participate in the discussion on the draft Estimates at the earliest possible stage.

[NAA: A452, 1970/4519]

160 MEMORANDUM, DOT (WARWICK SMITH) TO ADMINISTRATION

Canberra, 17 February 1968

United Nations Visiting Mission 1968¹

This Department and the Department of External Affairs have examined the proposed arrangements for the 1968 United Nations Visiting Mission against the background of:

- (a) Reports of liaison officers attached to the 1965 Mission.
- (b) Reports of escort officers who have accompanied recent visitors e.g. Miss Angie Brooks.
- (c) Possible sources of criticism which should be avoided.

2. From this examination, the following points have arisen which it is considered should overlay all arrangements made for the Mission throughout its visit to the Territory. Although those are matters which you will doubtless have had in mind in framing the programme, it is considered essential that Administration staff responsible for the detailed programming in each District bear them in mind. We should like the detailed programme to be checked against these points:

- (a) The *welcoming party at the airport* at each centre and on the arrival of the Mission at Port Moresby should *always* include indigenous representatives. Notwithstanding the status {after 16.2.68} of existing Members of the House of Assembly they as the

¹ See also Documents 129 and 140.

{known} elected representatives for the area visited should be included together with representatives of the Local Government Council concerned. If other indigenous leaders, including candidates for election, were also able to be included this is all to the good. Although the mission will meet all of these people during its visit, it is considered important that a representative indigenous group is included in each welcoming party.

(b) Indigenous elected leaders and indigenous Administration officers should be associated with briefing sessions provided by District Commissioners in each District. In this regard the elected Local Government Councillors, particularly the Chairman of the Council, can be considered in some way to be the elected counterparts of the District Commissioner and his staff.

(c) European Members of the House of Assembly and Local Government Councillors who are of course also elected representatives of the people should not be ignored or slighted, and could be associated with (a) and (b). Members of the House of Assembly should be provided with a skeleton of the itinerary 'for information' so they will know when the Mission will be in their electorates.

(d) The Mission will not be bringing dinner jackets and no social function should be arranged which would require this dress. *No* social function should be arranged which does not include indigenous representation.

(e) Because of the difficulty with the Liberian member of the last Mission in regard to a function conducted by the Rotary Club in one District and the basically European make up of this organisation,² we would not wish the Mission to be invited to a function to be conducted by Rotary in any district. Representatives of Rotary and other service organisations in the Territory as well as other voluntary organisations should not, of course, be overlooked in arranging social functions but unless such organisations are *clearly* multi-racial they should be discouraged from seeking to entertain the Mission. Functions at premises of clubs or organisations whose membership or activities could be distorted to be discriminatory should likewise be avoided.

(f) Throughout briefings and inspection visits the emphasis should not be placed so much on what 'we are doing for' the people of the Territory. This will be clear and, of course, must be stated. The emphasis, wherever possible, should be directed to what the indigenous people are doing for themselves and how the Administration is encouraging them to 'develop themselves to the position where they can determine their own future'. The activities of Local Government Councils, Co-operative Organisations, and indigenous entrepreneurs should help make this point. Under Secretaries, indigenous patrol officers, malaria eradication team instructors and other health workers with a degree of authority and responsibility, teachers (inspectors, headmasters?) etc., should not be overlooked.³

[*matter omitted*]

[NAA: A452, 1967/4226]

² Details not found. For general background, see footnote 1, Document 129.

³ In a marginal note of 19 February to Ballard, Galvin wrote: 'I spoke to [the] Admin[istration] ... and mentioned this was coming so Fenbury etc wouldn't blow a fuse at our telling them how to suck eggs. I made the point that these points must be clear in all Districts & that they could treat this as a jumping off paper for one of their own to DC's [District Commissioners]. I intend to run through the arrangements in Moresby ... to see how well their detailed programme arrangements fit this picture'.

161 BRIEF BY DEFENCE¹

Canberra, undated

CONFIDENTIAL

Brief on defence matters for use by service officers and others accompanying or meeting the U.N. Trusteeship Council mission to New Guinea 28th February–2nd April 1968

[*matter omitted*]

The Mission, particularly the Liberian member, will be interested in looking at defence installations in the Trust Territory in view of allegations in the U.N. that defence installations in Papua and New Guinea are used in connection with the Australian and Allied effort in Vietnam.²

4. The Territories Administration have been asked to grant requests from the Mission to inspect defence installations in the Trust Territory but not in Papua. Inspections, will be in the company of appropriate service liaison personnel and the Mission will be briefed beforehand to the effect that they will be denied access to sensitive areas such as communication centres and arms and ammunition stores which are normally subject to special safeguards.

5. The purpose of arranging visits to Service establishments in New Guinea is to reinforce Australian statements in the U.N. that defence measures, not only in the Trust Territory but also in Papua, are designed solely to develop local volunteer forces capable of contributing toward the immediate defence of the territories in full accordance with the provisions of the U.N. Charter and the Trusteeship Agreement for New Guinea. We have sought to show that the forces have not been used for any aggressive purpose and do not have any offensive potential. Officers coming into contact with the Mission may draw on material contained in Annex A³ in support of their arguments.

6. Officers should seek to avoid being drawn into any discussions on the relationship of defence facilities in New Guinea with the Australian and Allied efforts in Vietnam. They should make every effort to divert attention from the Vietnam question by emphasising the essentially limited defensive nature of facilities (as in paragraph 5 above).

1 The brief was prepared by Defence in consultation with DEA and Territories (see memorandum, DEA (C.E. McDonald (Dependent Territories Section) to UNNY, 21 February 1968, NAA: A1838, 936/30 part 1).

2 In late October 1967, the Australian Mission in New York had cabled DEA: 'the Russians have taken every conceivable opportunity of attacking us on the grounds that we have military bases in New Guinea which are there for national purposes and from which aggressive operations have been launched against the people of Vietnam. We have given replies in the Fourth Committee, Trusteeship Council and the Committee of Twenty Four (as recently as last month) along the lines that the Charter and the Trusteeship Agreement give us the right to have defence installations in the Trust Territory, that nothing done there has been contrary to the Charter and that installations in New Guinea have not been used in connection with our military support for Vietnam' (cablegram UN.1548, 28 October 1967, NAA: A1838, 689/1 part 4). The USSR raised the issue again during December's debate in the General Assembly (see *Yearbook of the United Nations 1967*, New York, 1969, p. 611).

3 The annex quoted UN provisions for the use of trust territory resources in self-defence, maintenance of law and order, and the maintenance of international peace and security as required by the Security Council. It outlined the status of the PNG division of the Royal Australian Navy (RAN) and of the PIR, which were 'consistent with self defence and with no aggressive intent'.

7. Special care will be necessary to avoid being drawn into specific comment in respect of Manus. Officers should know, *strictly for their background information*, that HMAS Sydney and other RAN vessels refuel at Manus en route to Vietnam. Moreover USN⁴ vessels, southbound from the Vietnam area occasionally refuel there. So far RAN and USN use of Manus in the Vietnam context has not specifically been raised in the U.N. and it is important that members of the Mission are not given any opportunity to obtain background that could lead to pointed questions in the United Nations. For this reason arrangements have been made to avoid any RAN or USN visits to Manus before, during and immediately after the Mission's visit there. Moreover instructions have been issued to the Navy to ensure that in respect of visits at other times during the period 28th February–7th April every precaution is to be taken to avoid the attention of the local population of Manus and to prevent any publicity of naval visits in Papua/New Guinea news media or on Radio Australia.

8. *If pressed* on the question of RAN and USN use of Manus, officers should say that use of the Manus refueling and base support facilities by the RAN and allied navies, in the course of normal naval operations and on passage to and from S.E. Asia, is a well established and known practice pre-dating the outbreak of hostilities in Vietnam. Calls have also been made there by ships from the British, French and Belgian navies, the average frequency of calls by ships of all navies being about 3 ships per month. It could be added, if further pressed, that while rehabilitation and development of the facilities at Manus is designed primarily to provide a headquarters and training establishment for the Papua/New Guinea Division of the RAN it was always envisaged that limited logistic support would be provided at the base for HMA ships on passage in the area.

9. It is stressed that the approach outlined immediately above is only to be employed if Mission members are not satisfied with responses given in accordance with paragraphs 5 and 6.

10. Officers should report immediately to Administration officials accompanying the Mission and to their appropriate Service Department any persistent or pointed questioning from the Mission relating to the use of Manus.

Note

Detailed arrangements for visits to Service establishments are being made by the Papua/New Guinea Administration direct with local Service Commanders.

[NAA: A1838, 689/1 part 4]

4 United States Navy.

The United Nations visiting mission, 1968

The 1968 UN visiting mission toured New Guinea between 24 February and 7 April. It also spent a few days in Papua at the invitation of the Government. The mission consisted of leader J.M. McEwen (New Zealand) accompanied by Paul Gaschignard (France), A.F. Caine (Liberia) and W.P. Allen (United States).

The mission's report was issued by the Trusteeship Council in late May. Excerpts of a departmental summary of the report's conclusions and recommendations read as follows:

Political advancement

- (i) *The Mission was concerned that a sense of nationhood had not yet developed in Papua and New Guinea to any marked degree.*
- (ii) *It recommended that efforts should be continued to reach agreement on a national flag, a national anthem, and a single name for the two territories.*
- (iii) *It recommended that both the House of Assembly and the Administering Authority should be urged to undertake without delay vigorous and constructive programmes of public education through all media to instil in the people a sense of nationhood.*
- (iv) *'The Mission welcomes the constitutional changes made in the House of Assembly which should lead to greater participation by the elected representatives of the people in the Government of the Territory' ...*
- (vi) *The Mission noted that changes in executive government followed a report of a Select Committee of the Assembly and this report called for a review after a minimum of two years.*
- (vii) *'The Mission expressed the hope that when that time comes, or even earlier, the House of Assembly will not hesitate to propose changes leading to full ministerial responsibilities'.*
- (viii) *'The Mission was happy to note the system of local government councils has expanded considerably, but feels that the time has arrived for the councils, particularly the more experienced, to be given more autonomy'.*
- (ix) *The Mission recommended that the necessary legal and administrative arrangements should be worked out promptly so that a common salary scale for local and expatriate officers can be put into effect as soon as possible ...*

Economic advancement

- (i) *'The Mission commends the work being done to develop a sound, over-all economic development programme and trusts that it will be implemented as rapidly as conditions permit'.*
- (ii) *'The Mission is of the opinion that the development of land in the Territory cannot proceed in an orderly way until the difficult problems of land tenure have been resolved'.*
- (iii) *The Mission believes that a proportion of overseas investment is necessary for the reasonably fast development of New Guinea but ... it hopes the Administration's policy of requiring Territory participation in large enterprises will be continued and expanded ...*

Social advancement

- (i) *'The Mission commends the Administration for the impressive advances made in education, particularly tertiary education, in the past two or three years' ...¹*

¹ Inter alia, the mission also recommended that efforts be made to have more girls attend school; that separate primary 'A' schools—which had a syllabus the same as that in New South Wales and were dominated by expatriates—be abolished; and that more encouragement be given to the formation and strengthening of trade unions.

Future of the Territory

'While it appears that the people of the Territory do not yet feel ready for self-government or independence, the Mission feels that this attitude must not be used as an excuse for delaying progress towards self-determination. The Mission recommends:

(i) That there should be a more vigorous programme of political education through all available publicity media. In particular, a greater effort is required to explain what is meant by the terms "self-government" and "independence" and the significance of the local government councils and the House of Assembly as integral parts of their own Government;

(ii) That every effort be made to associate the people more closely in the exercise of power in order to facilitate a transfer of responsibility when self-government or independence is achieved;

(iii) That a firm assurance of some kind be given to the people that self-government or independence does not in itself involve the cessation of financial aid and technical assistance from Australia. The people should also be informed of the experience of other Territories which have become independent in recent years and which are still receiving aid, not only from the former administering country, but also from other countries and from international organisations as well.²

The Trusteeship Council endorsed the report mid-year.³ Given that the reports of the mission and Council were considered 'generally favourable', Territories suggested to Barnes during October that he distribute them to members of parliament in Canberra and Port Moresby.⁴ He did so under cover of a note in which he said he was 'particularly pleased to find that a number of observations in the reports accord with the aims and policies of the Government'.⁵ He added that there had since been 'a number of significant advances in the Territory' which were 'consistent with the Mission's findings'.

2 Anonymous (probably DOET or DEA) press release, undated, NAA: A1838, 936/5 part 6. For a verbatim copy of the mission's conclusions and recommendations, see paper by UN information centre, Port Moresby, 21 June 1968, NAA: A452, 1968/3864.

3 See *Yearbook of the United Nations* 1968, New York, 1971, pp. 686–91.

4 Submission, Besley to Barnes, 22 October 1968, NAA: A452, 1968/3864.

5 Undated note by Barnes, attached to loc. cit.

162 SUBMISSION, BOOKER TO HASLUCK

Canberra, 20 February 1968

SECRET

Australian membership of the Committee of Twenty-four

Purpose of submission

The purpose of this submission is to seek your direction on the question of Australia's continued membership of the Committee of Twenty-four.

Background

2. Relevant previous submissions to you on this subject, together with a copy of a letter from the Minister for Territories, and relevant telegrams, are attached.¹

Latest developments

3. Recent developments are:

- (i) The Americans and the British have both decided to continue their membership on the Committee, but subject to certain conditions (stated below);
- (ii) The extremist Chairman of the Committee (Mr. Malecela of Tanzania) has been recalled from New York, and a relatively moderate Chairman has been appointed: Mr. Mestiri,² Permanent Representative of Tunisia;
- (iii) The British and the American representatives made strong criticisms at the beginning of the current meetings of the Committee's work.

4. The British have told us that they will continue their membership, subject to the following:—

- (i) The British representatives on the Committee will take a 'tougher' line than they have previously—even to the point of walking out of particular committee meetings when they think this is necessary or desirable;

¹ Shaw had been informed in December 1967 that the United States had decided to withdraw from the Committee. He recommended that Australia do likewise, essentially because of the Committee's 'extreme and tendentious' activities. External Affairs strongly supported Shaw's advice, adding that Australia could withdraw after the end of the 1967 session if the Americans implemented their decision. Australia would continue to submit reports to the Committee but would not necessarily attend meetings at which these would be examined. Hasluck approved the recommendations (submission, Booker to Hasluck, 14 December 1967, NAA: A1838, 935/2 part 19). However, at the end of January, Hasluck was informed that the US had had 'second thoughts' and that the British had 'not been able to make up their minds'. At the same time, Barnes wrote to Hasluck underlining his strong agreement with a further recommendation by Shaw that Australia leave the Committee regardless of US or UK conclusions. The Department drafted a letter to Barnes which stated a preference for 'rest[ing] for the present on the instructions already given ... namely that we should withdraw if the Americans do so'. In a marginal note of 31 January, Hasluck rejected the suggestion, and proposed instead that Australia might try to persuade its allies 'to our own way of thinking ... My own disposition is still to withdraw, even in isolation, unless you can produce better reasons for staying in' (submission, Booker to Hasluck, 31 January 1968, *ibid.*; for earlier consultations with the US, UK and New Zealand on the Committee of Twenty-four, see Document 103).

² Mahmoud Mestiri.

- (ii) Britain will not participate in *any* visiting missions of the Committee of Twenty-four;
- (iii) The British representatives will attempt to work co-operatively and constructively under the new Chairman, Mr. Mestiri of Tunisia;
- (iv) If the Committee of Twenty-four continues to act in the extreme and immoderate way it has in the past the question of continued British membership will again be reviewed.

5. The American representative stated in the Committee that it was questionable whether there was room for effective and worthwhile participation by the United States, but that after careful consideration the United States would not at present withdraw but reserved the right to review the situation at any time.

Possible Australian withdrawal

6. The subject for consideration now is whether, in view of these recent developments, Australia should withdraw in isolation. Arguments have been put to you previously concerning this matter, and you will recall that Mr. Shaw has recommended that, even if the United States and the United Kingdom do not withdraw, Australia should do so. The Minister for Territories supported that recommendation.

7. We suggest that there are counter-arguments which should be taken into consideration. These are, principally:—

- (i) Withdrawal alone would undoubtedly attract to us considerable odium, not only in the Committee of Twenty-four itself, but in the Trusteeship Council, in the Fourth and possibly other Committees and in the Plenary.
- (ii) We cannot expect our friends in the Committee of Twenty-four—the United States and the United Kingdom—to defend our position or state our case in regard to Papua, New Guinea and the Cocos Islands as fully and effectively as we ourselves are in a position to do. (Indeed on some issues our friends might be embarrassed if they spoke as strongly as we would wish them to speak.)
- (iii) If there is now a prospect that the Committee will adopt more reasonable attitudes it is in the general Western interest that we should co-operate with the U.S.A. and Britain in influencing the Committee in more constructive, responsible directions.
- (iv) The voting on the Papua – New Guinea resolution in the 1967 General Assembly,³ while not satisfactory from our viewpoint, was an improvement compared with 1966. By remaining on the Committee we might, given a more reasonable attitude on the part of the members, be able to gain better understanding of our policies and problems.
- (v) If we alone left the Committee we might forfeit the sympathy, which at present seems to be growing, of our close Asian associates.

8. On balance we submit that at present our interests would be better served by remaining on the Committee for the time being. Like the Americans and the British we can of course keep the matter under continuous review, and if expectations of an improved attitude are

3 See Document 153.

disappointed, we could renew our efforts to persuade the United States and Britain to leave with us.

It is accordingly recommended that:—

- 1) we remain on the Committee of Twenty-four for the time being;
- 2) our representative express our concern about the past attitudes of the Committee to its responsibilities and functions;
- 3) our representative indicate that we (like the British) will not participate in visiting missions, and that we reserve our position about visiting missions of the Committee to territories;
- 4) we keep the subject of our membership under review;
- 5) our representative to be authorised to accept, at his discretion, membership of the Sub-Committee on Petitions (see paragraph 7 of telegram No.UN242 attached)⁴ if in his view we can exercise a moderating and constructive influence by so doing.⁵

[NAA:A1838, 935/2/4]

⁴ Not printed.

⁵ Hasluck approved the recommendations on 21 February. On the same day, the Australian Mission in New York was instructed accordingly (cablegram 192, Canberra to UNNY, NAA: A1838, 935/2/4). Regarding paragraph 8(3), Hasluck responded to a later request by Mestiri for access to Australian territories by instructing UNNY to make clear that Australia 'does not consider it desirable for Missions from the Committee to visit territories under its administration ... and ... reserves its position about Visiting Missions of the Special Committee in general' (submission, Booker to Hasluck, 1 July 1968, NAA: A1838, 935/2/4). On the broad question of international influences on Australia's PNG policy, Warwick Smith wrote to Justice J.R. Kerr (judge, Commonwealth Industrial Court and Australian Capital Territory Supreme Court): 'you say [in your Roy Milne lecture that] Australia is under strong international pressure to disengage politically in New Guinea ... I do not think that this international pressure has recently been as strong as it was a couple of years ago and I doubt if it will be an important factor in the next few years' (letter, 1968 (exact date illegible), NAA: NA1983/239, 9/25).

Territories: changes to the department and portfolio

Following the disappearance of Prime Minister Harold Holt, a new Liberal–Country Party Government was formed in January 1968 under the leadership of John Gorton. A number of changes were made to government at both the bureaucratic and executive levels. Among these were alterations to the administration of Australian territories—as explained by Governor-General Lord Casey during his speech at the opening of federal parliament:

My Government has decided to reconstitute the Department of Territories as the Department of External Territories so that it may have particular concentration on the Territory of Papua and New Guinea.

The responsibility for the Northern Territory will, except in certain respects ... be transferred to the Department of the Interior.¹

Barnes became Minister for External Territories, responsible for a department of the same name and of which Warwick Smith remained Secretary.

Whatever the party-political reasons for the reorganisation, it was justified by the Governor-General in terms that constituted one of the strongest official statements yet on the possibility of union between Australia and PNG:

This [modification] is an indication of the recognition by the Government that the present problems and future destiny of the Northern Territory differ from those of Papua and New Guinea.

The destiny of Papua and New Guinea is to become a self-governing country developed for independence if and when it is clearly demonstrated by the majority of the indigenous population that this is what they wish. My Government's basic policy for Papua and New Guinea is therefore to develop it for self-determination.

Whether some subsequent special relationship with Australia is worked out, and what such a special relationship might be, can only be worked out in the future between the then Government of a self-governing Papua and New Guinea and the then Government of Australia.

But my Government believes that the development of Papua and New Guinea as a seventh State of Australia is fraught with difficulties, and that statehood, as against self-government, is not likely to be the outcome of development.²

In private, Barnes was unhappy that Territories' administrative capacity had been reduced, complaining to the Prime Minister that a decision to deprive Warwick Smith of a Deputy Secretary was taken 'very quickly' and would prejudice the 'effective handling' of 'the Government's policy of progressive advancement of the native people' during which 'many intricate and potentially critical situations will be encountered'.³ A draft letter by Warwick Smith to the Chairman of the Public Service Board—written later in the year—showed that the Secretary was similarly disenchanted with the new department's

1 *Commonwealth parliamentary debates* (Reps), vol. 58, 12 March 1968, p. 9.

2 The statement echoed Cabinet's decision on ultimate status of March 1966 (Document 34) and public comments made by Barnes in July 1967 (see footnote 2, Document 122).

3 Letter, Barnes to Gorton, 12 March 1969, NAA: NA1983/239, 70. There was a view in Territories that even the old department had inadequate resources. A DOT paper of 1966 commented: '[The] Number and variety of policy issues outstrips [the] organisational equipment provided. The Department is limping in some areas. [The] Problem of "brush fires"—a complete breakdown in some sections can be avoided by the use of emergency squads but this leads to consequential problems. There is no "fat" in the establishment whatever' (19 February, *ibid.*).

lack of resources. He wrote of the 'more or less arbitrary assessment [that] was made of the organisational requirements' and of 'serious and urgent ... deficiencies'.⁴ The letter also gave insight into Warwick Smith's broad view of Australia's task in the Territory:

Papua and New Guinea is in very great degree a 'least-developed' country. With the adoption and vigorous prosecution of the Five Year Development Programme, backed officially by the Commonwealth, the country is undergoing nothing short of a social, economic and political revolution. The winds of change are under forced draught. High pressure change [is] the order of the day—change from a colonial traditional/subsistence society and economy towards a modern self-governing, educated, sophisticated society and economy. The pace of change is dramatic, but continuing careful appraisal is required to ensure that the associated social strains and stresses do not outrun what is tolerable. Cargo cults, secession movements, excessive urban unemployment, bad race relations, strikes, riots, all have to be avoided or mitigated ... From another point of view, the Australian Government's policy of aid, with its near-commitment of around \$500 million in grants over the next five years could easily go seriously awry, its objectives could easily be defeated if one or more elements in the situation were badly handled. There is no necessary or natural connection between policy objectives and results ... in the Territory we are obviously concerned with the whole field of government ... the list of [functions] is almost inexhaustible ... Over and above all that, however, is the consideration that the position is never static. Over the whole field there is the fact that policies have continually to be reviewed and developed and adjusted to meet the imperatives of change ... It would be tempting to contemplate responsibilities of the Commonwealth Government in [PNG] being coped with by a small Department in Canberra, concerning itself only with 'broad policy' and with the duties of a secretariat. The Australian tradition towards the Territory, however, and indeed the whole requirement imposed by Government and public is one of very considerable involvement and the practical expression of this involvement is seen in the size of the Commonwealth grant to the Territory and the degree—almost unique in 'colonial' affairs—of Australian activity and interest in the Territory. If we took a hypothetical analogy with Britain, for example, and adjusting for population, we would find ourselves thinking of a British 'colony' of say 11 million people across the Channel ... with an annual British subvention of say \$450 million (France and Algeria would have some resemblances).⁵ Further, the process of education, sophistication and development began in important areas of [PNG] much later than in many ex-dependent territories—indeed, on the Highlands since World War II—and in the climate of today has to be carried forward at a much greater pace than even a decade ago.

4 Draft letter, Warwick Smith to Chairman, Public Service Board, undated (c. mid-December 1968), NAA: NA1983/239, 48/5.

5 In a later letter to Professor L.F. Crisp of ANU's political science department, Warwick Smith wrote: 'I do not attach all that much weight to the British experience in de-colonisation. Emphatically, yes, we should learn everything we can from their experience, particularly the snags and pitfalls. But things have moved on since then; moreover the Australia/New Guinea relationship is one which never existed between Britain and any of her colonies etc ... [the British] never gave a subsidy of \$50.00 a head nor experienced a dependent Territory with a population (on proportionate figures) of 10 million roughly in the position of the Isle of Wight or the Isle of Man—in which wars have been fought etc' (23 December 1969, NAA: NA1983/239, 49/8).

163 TIC PAPER NO. 2/68

Port Moresby, 8 March 1968

SECRET

Assessment of reactions of T.P.N.G. communities to influxes of West Irianese natives

The purpose of this paper is to assess:

- (i) Extent of sympathy among the indigenous people from all parts of the Territory for West Irianese dissidents;
- (ii) Whether anti-Administration feelings would be aroused if West Irianese crossing the border were forcibly returned to West Irian in the face of sternly oppressive measures by the Indonesian authorities; and
- (iii) The probable effects on T.P.N.G. communities in the border areas of experiencing relatively large influxes of West Irianese crossing the border for political reasons and then seeing them being returned.

Extent of sympathy among the indigenous people from all parts of the Territory for West Irianese dissidents

2. Overall, there is little evidence to suggest that the indigenous population of the Territory have more than a vague awareness of the situation in West Irian though, doubtless, the better-educated minority have a limited knowledge of the current unrest existing there. There appears to be a lack of interest in West Irian even on the part of the Territory's politically informed indigenes. A few exceptions would be relatives and friends of well-established West Irianese residents in the Territory.

3. It is likely, however, that there is a dormant sympathy, dating back to the time of the Indonesian take-over of West Irian. This was manifest at the time in public statements by a small number of indigenous personalities of the Territory, in referring to West Irianese, 'our brothers', as having been abandoned.

Whether anti-Administration feelings would be aroused if West Irianese crossing the border were forcibly returned to West Irian in the face of sternly oppressive measures by the Indonesian authorities

4. Except for the VANIMO and the AITAPE coastal areas, the border Districts are relatively isolated and first-hand news of events there would probably be slow in leaking out. Experience indicates that, in all probability, it would be inaccurate and exaggerated and would take some considerable time before even the politically conscious section of the population of the Territory became aware of the true facts. Because personal communication is slow, the publicity given to events on the border through radio broadcasts and newspapers would have a considerable bearing on the eventual Territory-wide reaction.

5. It is unlikely that there would be any significant and spontaneous indigenous reaction against the Administration were it to forcibly return West Irianese.

6. It is, however, highly probable that the issue would be seized upon by certain European elements (academics, missionaries, etc.) and some indigenous political personalities, on humanitarian, racial, religious or political grounds. A few political personalities may

follow suit, seeing in the issue a political opportunity. Although it is considered that the mass of the Territory's indigenous population would remain apathetic, the Administration may suffer some embarrassment through adverse publicity through news media, within and outside the Territory.

7. A factor which should not be disregarded is the presence of supporters of West Papuan Nationalist organisations in the Territory. Whilst members of these organisations undertake not to engage in political activities concerning West Irian, they could well influence local indigenous political personalities to oppose the policy of the Administration. Furthermore, members of these organisations would certainly inform their headquarters in Europe, Japan and the U.S.A. of the situation and of the Administration's policy towards border crossings. Thus, the issue would soon become internationally known and may well be seized upon by countries already critical of certain aspects of Australia's policy.

The probable effects on T.P.N.G. communities in the border areas of experiencing relatively large influxes of West Irianese crossing the border for political reasons and then seeing these people being returned

8. The reactions of border communities would be affected by the following considerations:—

- (i) clan relationships and affinities;
- (ii) traditional attitude towards their counterparts across the border (i.e. traditional friends, enemies or neutrals);
- (iii) visual evidence or even rumours of ill-treatment by Indonesian troops/police; and
- (iv) economic factors.

9. In the border areas, with the exception of some isolated pockets, generally no close ties exist between the population on either side of the border. However, in the VANIMO area of the West Sepik District, particularly WUTUNG Village, where tribal affinities do exist, the border population is already resentful of the current policy of the Administration towards West Irianese crossing the border. It is highly probable that in the abovementioned circumstances, such feelings would be greatly exacerbated and would be vented upon the local district administration.

10. Visual or rumoured evidence of ill-treatment by Indonesian authorities could arouse sympathy and consequent hostility towards the Administration on seeing the West Irianese being forcibly returned. This sympathy, however, would perhaps be neutralized by the immediate economic problems attached to the housing and feeding of large numbers of refugees from local resources.

11. Although isolated from the rest of the Territory, the reactions of the sparse border communities should not be regarded as of no consequence. Their feelings on the issue are quite likely to be voiced through their representatives in Local Government Councils and the House of Assembly.

164 SUBMISSION NO. 11, BARNES TO CABINET

Canberra, 12 March 1968

CONFIDENTIAL

Papua and New Guinea: Parliamentary Commissions of Inquiry Ordinance, 1967*Proposal*

This submission seeks approval for withholding assent from the Parliamentary Commissions of Inquiry Ordinance 1967 which was passed by the House of Assembly for Papua and New Guinea against the opposition of Official Members.

Background

2. The Ordinance was introduced by a European elected member to establish, as he put it, 'machinery for this House of Assembly to appoint a commission to investigate matters of public importance which the House considers warrant special investigation.' He explained that he considered that the existing Commissions of Inquiry Ordinance 1951 was unsatisfactory as it left to the Administrator's discretion whether a particular commission should be established; and whether a report of a commission should be made public.

3. The new Ordinance would enable the House to set up a commission, not necessarily composed of members of the House, to inquire into any matter which the House considers it is necessary to inquire into for the public welfare. The matters on which the House could then initiate enquiries—without the Administrator having any say—could include matters which are properly the responsibility of the executive and complaints by individuals where legal remedies exist in the courts.

Executive responsibility

4. In a Parliamentary system of government, commissions of inquiry are a matter for the executive. The existing Ordinance similarly vests the authority in the Administrator. The proposal that the House should have a parallel power to conduct inquiries is contrary to the principles of executive responsibility and to the pattern of government being followed in the Territory.

Select Committees

5. The House of Assembly may of course appoint Select Committees and it has done so. While a Select Committee can inquire into the whole range of matters proposed for Commissioners of Inquiry under the Ordinance it is a substantial departure to provide for Commissioners who may or may not be members of the House of Assembly. Crown privilege is customarily observed in relation to Select Committees. It would also be a different situation if there were an Ordinance assented to by the Government giving statutory recognition to the right of the House of Assembly to appoint such a Commission.

Crown privilege

6. The Ordinance provides that documents are to be produced unless it can be shown that they are not relevant. This provision could possibly be held to exclude a claim of Crown privilege thus opening the way for publication of government information of a kind for which Crown privilege would normally be asserted and ordinarily granted.

Ombudsman

7. In the same meeting of the House of Assembly as that at which this Ordinance was passed a resolution was also passed in the following terms:—

‘That the House request the Administrator to appoint under the Commissions of Inquiry Ordinance 1951 a Commission of Inquiry to inquire into and report on the desirability and the practicability of the establishment for the Territory of an office of Parliamentary Commissioner or Ombudsman and the form that such an office might take, taking account of inquiries, proposals and experience in Scandinavia, Great Britain, New Zealand, Australia and elsewhere.’

The Administrator subsequently informed the House that he did not consider that the topic warranted setting up a Commission of Inquiry but he undertook to furnish a detailed report to the House of Assembly and this is now being prepared. The Parliamentary Commissions of Inquiry Ordinance 1967 covers some of the same ground as the proposals for [an] Ombudsman or Parliamentary Commissioner.

Recommendation

8. I recommend that assent be withheld from the Parliamentary Commissions of Inquiry Ordinance 1967 on the grounds that:

(a) the existing resources—

- the power of the House to appoint Select Committees
- the power of the Administrator to appoint Commissions of Inquiry

—have not been shown to be deficient or unsatisfactory;

(b) the power to appoint Commissions of Inquiry is a power that it is appropriate for the executive to discharge;

(c) the Ordinance opens up the possibility in a new and additional way of encroachment by the legislation¹ into the functions of the judiciary in that commissions could be appointed without the agreement of the Administration in matters where legal remedies were available under law;

(d) the Ordinance could be held to deny Crown privilege for Government information of a character for which Crown privilege is ordinarily claimed and customarily granted by the Courts;

(e) the Ordinance overlaps at least in part the enquiry now being held by the Administration into the proposal for an Ombudsman as required in the resolution of the House.²

[NAA: A5868, 11]

¹ This should perhaps read ‘legislative’.

² On 26 March, Cabinet agreed that assent should be withheld and it indicated that in explaining the grounds upon which the decision had been made, Barnes should rely on sub-paragraphs 8(a) and (d) (decision no. 97, NAA: A5868, 11).

165 PAPER BY MCDONALD AND POWYS¹

Canberra, 14 March 1968

RESTRICTED

Papua and New Guinea elections 1968

Polling has been taking place throughout Papua and New Guinea over the last month for seats in the Territory's new House of Assembly. In all, 484 candidates, including 420 indigenes, have sought election in 84 constituencies covering a total electorate of 1,200,000 people. Voting is expected to finish on 16th March and counting to commence immediately afterwards. The constituencies are made up of 69 'open' electorates where election is open to anyone and 15 'regional' electorates where election is restricted to people with an intermediate certificate or higher educational qualification. Voting in both types of electorate is on the basis of adult franchise.

A feature of the election campaign has been the participation of several political parties,² although their importance at this stage should not be over emphasized. Very few of the candidates have openly identified themselves with the parties, and many of those whom parties have claimed to be sponsoring have denied close affiliations and insisted that they have non-partisan outlooks. Many prominent candidates, including those vocally critical of the Administration, have not been associated with any of the parties; and the parties appear in particular to have little support amongst candidates in the Highlands, where there is a general wariness of 'premature' political developments.

Although most of the existing parties claim a 'national' outlook, the majority appear to represent regional and group interests. They have so far failed to overcome the division between the more radical coastal groups and the more conservative inland groups, the vague wariness between different regional groups (including Papuans versus New Guineans), the emphasis of the rural mass on parochial, clan and village interests rather than their general interests, and a widespread suspicion in both rural and town areas towards parties as representing 'outside' influences. (For instance, just prior to polling five leading indigenous businessmen in Goroka condemned political parties as detrimental to individual freedom and national unity.) The net effect of the parties' failure to establish national interests and overcome ignorance, indifference and hostility towards them at the village level is that the personality and prestige of individual candidates is likely to be the basic factor behind the results of most contests, just as in 1964 when there was but one party which disappeared soon after the elections. Successful candidates will in fact probably have more to offer the parties than the latter have to offer the candidates.

A major problem faced by the parties to date has been a lack of experienced and strong leadership. The parties were only formed during the course of the last two years—most in the latter half of last year—and are still experiencing growing pains and problems of finance and direction. Party administration has been quite casual and the formulation of their policy quite haphazard and vague. Not only have policies overlapped, but some

1 J.G. Powys, trainee officer, DEA..

2 For an overview of the development of parties, see Document 148.

parties have claimed the 'allegiance' of opposing candidates, while some candidates are believed to be 'friendly' with more than one party.

The future of the existing parties will probably depend to a large extent on whether they can gain the allegiance of members of the Assembly after the elections. Some commentators believe that although some of the successful candidates at present shun collective affiliations they will come to support parties as they begin to realize the value of collective lobbying. Many of the party leaders themselves consider that the real role of the parties is yet to emerge. It is however likely that some of the existing parties will be replaced by new ones, that some may amalgamate, and that there will be a different polarisation around new political issues in the years ahead. Much will of course depend on whether and when urgent 'national' issues arise to upset the existing pattern of regionalism. Despite the general reservations mentioned about the support and popularity of political parties in the Territory at present, they do represent more than ephemeral power bases and some are likely to survive the election in some form. Their orientation does therefore provide a guide to developing political forces and power blocks. Altogether seven parties have been noted in the campaign, although only one is properly constituted. Of these two—the Pangu Pati, and the United Democratic Party—appear to be clearly bigger than the others; while the other parties appear to be essentially regional, and in four cases partly reactions to the Pangu Pati. The following is a brief description of each of these 'parties'.

Pangu Pati

Pangu Pati (Papua and New Guinea Union Party) has attracted the most public attention of all the parties. It was founded in June 1967 after the Select Committee on Constitutional Development advocated a greater degree of self-government for the Territory.³ It claims to be the 'party of modernisation' and is the only really radical political organisation in the Territory. In this respect it is an indirect descendant of the shortlived New Guinea Union Party. The formation of most of the other political parties has to some extent been a direct reaction to the platform of Pangu, which stresses 'humility, honesty and hard work' towards home rule and eventual independence, and advocates localization of the Public Service as a first step towards this goal. The platform also emphasizes the need for national unity—'one name, one country, one people, one language'—and the need for progress in the economy, in education, housing, communications, health and working conditions, with full indigenous participation in development projects.

Of all the parties Pangu Pati has been the most critical of the Administration and 'pronouncements' by the Minister for Territories. It claims that Papuans and New Guineans ('Panguans') should be given credit for their ability to govern themselves intelligently, and at times has given indications of an 'anti-European' feeling, although this has been most apparent in the views of two prominent European members of the party, Tony Voutas and Barry Holloway. However, although Pangu Pati has attracted many of the more radical indigenous political leaders, such as Michael Somare, Albert Maori-Kiki and Paul Lapun, it has backed away from an extreme position on the question of independence. Its attitude towards independence is probably more evolutionary rather than revolutionary. One of its early leaders, Oala Oala-Rarua (a trade union leader in Port Moresby), was expelled from the party in August 1967 as a consequence of proposing independence for the Territory

3 See Documents 120 and 122.

by 1972 during an address in Sydney last year;⁴ and {probably} the best indication of Pangu's present attitude towards independence was given by Albert Maori-Kiki at the AIPS⁵ Summer School in Canberra last January when he stated that independence for Papua/New Guinea was still a long way off.

The party claims the 'association' of fourteen Members of the old House of Assembly, and to be 'sponsoring' 30 candidates in the election.

U.D.P.

The United (Christian) Democratic Party was founded in May 1967. It claims to be the largest political party in Papua/New Guinea; but the basis of this claim—a 'membership' of 9,000—is open to dispute. It is nevertheless the only properly constituted party, and the only one to have declared its desire to win seats in the election as a principal objective.

The party, which has unofficial Roman Catholic backing, is strongest in the East Sepik areas, but has made efforts to gather support in the major coastal centres.

Its platform, like that of the other political parties, has been flexible. Originally, the party proposed seventh statehood for the Territory, but this aim was hastily abandoned after statements by the Minister for Territories in July last year appeared to imply that this was not a possibility.⁶ The U.D.P. supports the idea of one language—'Pidgin' (the lingua franca of New Guinea)—for all of Papua and New Guinea, and advocates extensive development of rural areas. Its platform also contains a number of democratic planks such as universal assisted primary education, and extended facilities for various types of secondary education, just wages, equal rights for Europeans and indigenes, and 'civil liberties' for all.

[*matter omitted*]

[NAA: A1838, 936/4/6]

166 NOTE BY WARWICK SMITH¹

Canberra, 20 March 1968

Executive authority—Ministerial Member—Administrator—Minister

1. It is necessary to ensure that the House of Assembly is not able by Ordinance to confer powers upon Ministerial Members directly.
2. Ministerial Members are subject in the discharge of their responsibilities to the over-riding authority of the Administrator and this position must be maintained so far as legislation is concerned and so far as practice of principle is the area of executive action in concerned.
3. At the same time nothing in the new arrangements should diminish the capacity of the Minister to give instructions to the Administrator on any matter of policy or any matter for executive decision other than to the extent contemplated in the Papua New Guinea Act.

4 See footnote 6, Document 148.

5 Australian Institute of Political Science.

6 See footnote 2, Document 122.

1 Marginalia indicates that the note was dictated by Warwick Smith.

4. Under these circumstances it appears that we need to explore the feasibility of inserting into the Papua and New Guinea Act an injunction or declaration that nothing in the Act empowers the House of Assembly by Ordinance to bestow on a Ministerial office-holder executive power at the expense of the Administrator and that nothing in the Act shall result in the capacity of the Government to instruct the Administrator in executive matters being diminished.

5. Another element is that Ministerial authority under this transitional arrangement ought to be able to be exercised by delegation from the Administrator. This ought to be made clear, presumably not in the Act, but in the second reading speech. Therefore, it may be assumed that more weight attaches to the bestowing by the House of Assembly through Ordinances of authority upon the Administrator and the need to ensure that the legal relationship between Minister and Administrator is not narrowed or disturbed by the new situation suggests that both aspects ought to be covered in the one declaration or provision.

[NAA: A452, 1970/4520]

167 PAPER BY DOET¹

Canberra, undated

Points on Select Committee report²

1. Administrator felt that membership of the Nomination Committee should not preclude being Ministerial Member, e.g., can be member of Nominations Committee and Ministerial Member at the same time. Department does not feel that a Committee can nominate own members.
2. House should accept or reject whole list—cannot amend.
3. Nominations Committee should make decisions by a majority of those present and voting; no quorum.
4. One list of nominations for Ministerial Office—not split into categories.

¹ That is, the Department of External Territories. The paper was neither signed nor dated.

² Following the exchange of memoranda with the Attorney-General's Department (see Document 159), Ballard and Keith Curry (position unidentified, DOET) met with Comans on 18 March. Ballard expressed agreement and gave his opinion on various points including, *inter alia*, that there would be no appointments to ministerial office if agreement was not reached with the nominations committee; that a quorum of the committee would consist of three members; that removal from office could be done through the Governor-General without first using other procedures; that the House could be dissolved under the Act with MMs continuing in their positions until the first meeting of the new House; and that AMMs would not make recommendations to the Administrator's Executive Council (AEC) and would 'represent the Administration in the House only in a limited and secondary way—the prime representation, where there is an assistant ministerial member, will be by an official member'. Ballard also implied that it was unlikely the bill to amend the Act would make a provision on instructions to the Administrator. Beyond this, Ballard alluded to the 'question of control of the order of business in the House of Assembly'. He said that 'Elected Members are in a position to control the order of business and the Department feels it necessary that there should be some means whereby the Administration can get priority for its business where it thinks this necessary'. Ballard commented that DOET envisaged the Administrator securing priority through a message to the Speaker. Comans thought this legally possible but requiring Cabinet consent (notes of conversation by Comans, 18 March 1968, NAA: A452, 1970/4520). Following this discussion—and indicating that Ballard's position had not been the Department's final one—a number of telexes requesting views on the drafting of the Act were sent to the Administrator (see telexes B270/962, B270/963 and B270/964, Warwick Smith to Hay, 21 March 1968, *ibid.*). For Hay's reply, see telex 4008, Hay to Warwick Smith, 22 March 1968, *ibid.*

5. There is scope for up to 10 Assistant Ministerial Representatives, as may be agreed by Administration and Nominations Committee; Ministerial Representatives should be fixed at 7.
6. Accept draftsman's proposed formula for appointment and allocation of functions to be by Minister after receiving recommendation by Administrator.
7. A legislative provision for consultation should not be in Act; but cannot be safely put in standing orders; appropriate course seems to be Governor-General's regulations.
8. Removal, best procedure seems to be to follow reverse procedure in toto; but that if this fails there should be a reserve power in the Governor-General to remove. (This should be drafted to make possible removal of 'any' or 'all'.) If consultation with Administrator's Executive Council takes place would make it more likely that concurrence to removal by House would be given.
9. House (or the Nominations Committee) should not be involved in a re-shuffle of functions.
10. Agree with draftsman's formula on instructions (Minister to {act} after receiving a recommendation of the {Administrator})—it is felt that the difference between a Ministerial Member and an Assistant Ministerial Member is so great that it would be better for them to be set out entirely separately.
11. There should be express prohibition in an Ordinance conferring powers on a Ministerial Member; but that there should be no restriction on delegation.

II. *Additional points which have come up*

1. Dissolution—Administrator would like to consider points further.³
2. Number of Official Members to be 'up to 10'.
3. Insert a power to assent to a part.
4. Insert a provision for message on priority of Government business.⁴

[A452, 1970/4520]

3 The idea of providing for the dissolution of the House was not pursued due to 'difficulties raised by the Administration and the excessively long period it takes to hold a general election in Papua New Guinea' (memorandum, DOET (Ballard) to AG's, 23 April 1968, *ibid.*).

4 A further exchange between Ballard and Comans took place in late May – early April. Among the instructions given to Comans were that 'the Ministerial Member will be able to refer matters to the Administrator's Executive Council with the approval of the Administrator but that the Administrator should control the agenda and determine when the submission comes forward'. On the means of determining advice from the AEC, Ballard wrote that it was satisfactory to have provision for a quorum of the Council but not for a system of voting, provided the Administrator was a member and therefore constituted one of the quorum. Moreover, he did not want differences between the AEC and the Administrator to have to be explained in the House—this had 'never been done and we hope to avoid [it]'. Ballard accepted Comans' suggestion that the appointment of ministerial officers be denoted in the Act by simple reference to Ministerial right of decision on the basis of selection by the House. The reverse would apply for removal. Detailed description of the manner of appointment and removal would be provided in the regulations as follows: the nominations committee would make decisions via a majority vote without a quorum (the 'intention is to have the whole Committee at a meeting'); members of the committee could not be nominated for ministerial office; the House could accept or reject the entire list but could not amend it; the list would not define MMs or AMMs; removal would follow the reverse procedure with the Minister's power being discretionary; all ministerial office holders could be removed at once by reverse procedure or through the Governor-General; and the Minister, after receiving a recommendation from the Administrator, could change the functions of ministerial office holders. Other points made by Ballard included stipulation of seven MMs and up to ten AMMs, the need for government to control proceedings in the House, and a request for 'an express provision in the Act preventing an Ordinance conferring powers on Ministerial Members but making it clear that this does not prohibit the delegation to them of powers vested in the Administrator'. (memorandum, DOET (Ballard) to AG's, 1 April 1968, *ibid.*; see also AG's (Comans) to DOET, 27 March 1968, *ibid.*).

168 LETTER, WARWICK SMITH TO HAY

Canberra, 3 April 1968

Enclosed are six copies of draft papers outlining suggested administrative principles for the operation of the Ministerial Member and Assistant Ministerial Member system which were prepared in discussion with Mr. Watkins during his recent visit to Canberra.¹

It is envisaged that the paper marked CWP/2 should be handed to Ministerial Members and Departmental Heads as the basis upon which the new system would operate. The final draft paper as settled between us would of course require the Minister's approval before delivery.

I would like to receive your comments on the papers and we could then give consideration to any particular aspects in the light of your comments.

[*matter omitted*]²

Attachment

CWP/1

CONSTITUTIONAL WORKING PARTY—PRINCIPLES TO BE ADHERED TO IN EVOLVING WORKING ARRANGEMENTS FOR THE OPERATION OF THE 'MINISTERIAL' SYSTEM AND THE ADMINISTRATOR'S EXECUTIVE COUNCIL UNDER THE NEW CONSTITUTIONAL ARRANGEMENTS FOR PAPUA AND NEW GUINEA

(1) The working arrangements now to be evolved must not be inconsistent with the following principles:—

- (i) the object of the changes should be to ensure that elected members, within defined limits in practice as well as in form, carry some responsibilities of a ministerial character;
- (ii) the Ministerial Members would be responsible, within defined limits for certain selected Departments dealing with matters of immediate electoral concern such as Education, Health and Works (but not for 'reserved' Departments such as Administrator's Department, Law, Information, Police and Security);
- (iii) though the arrangements should ensure maximum participation and exercise of authority in the day-to-day business of the administration of the Departments concerned, the authority and responsibilities of 'Ministerial Members' must be confined within arrangements which leave to the Administrator as the representative in the Territory of the Commonwealth Government ultimate authority within the Territory;

1 Watkins had visited Canberra in late March for discussions on the PNG Act (for reference to fact and purpose of visit, see telex 4008, Hay to DOET, 22 March 1968, NAA: A452, 1970/4520, and letter, Warwick Smith to Hay, 3 April 1968, *ibid.*). For context of Watkins' visit, see Document 167.

2 Matter omitted includes a request for consideration of 'which powers vested in the Departmental Heads by Ordinance should be able to be exercised by Ministerial Members also'.

- (iv) it should be recognised that movement towards a ministerial system requires a complementary move forward in the Administrator's Executive Council so that it becomes the forum for collective policy making and its composition is limited to the holders of Ministerial office and officials.
- (2) Similarly, the arrangements made pursuant to (1) above and any future development or modification of those arrangements must conform to the following principles governing future constitutional development:—
- (a) though the Commonwealth would progressively devolve its authority, in practice it would, short of self-government, retain final responsibility in the sense that it remains accountable for the administration of the Territory;
 - (b) this devolution would not apply in relation to certain 'reserved' subjects—internal security, external affairs, defence, constitutional advance, law and information;
 - (c) the need for a reasonable pace of constitutional development has to be balanced with the difficulty of maintaining standards of administration; progress needs to be evolutionary and educational but cannot await the availability of persons with full capacity to operate at normal standards of developed countries;
 - (d) the extreme economic dependence of the Territory and the fact that a substantial part of the Budget is met by Australia must be recognised; in these circumstances the Commonwealth must determine the strategy of the Budget;
 - (e) the Commonwealth Government's control over the conditions of service of the Australian members of the Territory Public Service must be preserved;
 - (f) the final constitutional pattern for a self-governing territory should not be unduly determined by the interim arrangements.

CWP/2

PROPOSED ARRANGEMENTS FOR THE OPERATION OF MINISTERIAL MEMBERS

I. GENERAL

The elected members are to participate actively in the formulation of policy and undertake duties and functions in the Administration so that they assume many of the functions and responsibilities of Ministers.

It must, however, be recognised that there are certain areas of special Commonwealth interest and responsibility. These may be classified as:—

- defence, external affairs (neither are responsibilities of the Administration), information, law, internal security and police, the public service, and constitutional changes;
- the Budget, which must remain of special concern to the Commonwealth while the majority of finances available are provided by the Australian grant.

These items must be outside the scope of the system; but this does not mean that they are all to be unilaterally controlled by Australia. Budget matters will be discussed by the Administrator's Executive Council and at the Departmental level Ministerial Members would participate in discussion on the draft Estimates at the earliest possible stage. Constitutional changes to be effected through amendment of the Papua and New Guinea Act will continue to be discussed between the Government and the House of Assembly.

In respect of the remaining matters the elected members are to be involved in the formation of policy and to hold some, but not all, the duties and responsibilities of a Minister. The proposed major changes are:—

- the creation through amendment of the Papua and New Guinea Act of Ministerial Members and Assistant Ministerial Members; and
- the expansion of the functions of the new Administrator's Executive Council by increasing the range of matters on which it will be consulted so that it will be the principal policy making body in the Territory.

Ministerial Members and Assistant Ministerial Members will be appointed by the Minister for External Territories on the nomination of the Administrator in consultation with the House of Assembly. During its first session the House will appoint a nomination committee of five who will consult with the Administration to produce a list of fifteen nominees. This list, after approval by the House, will be forwarded to the Minister who will then appoint the various nominees to the seven positions of Ministerial Member and eight positions of Assistant Ministerial Member.

II. OPERATIONAL ASPECTS

(A) *Role of Ministerial Members*

(I) IN RELATION TO THE HOUSE OF ASSEMBLY

- Represent his Department in the House by answering questions;
- By introducing legislation concerning his Department's functions and taking the responsibility for guiding the legislation through all proceedings in the House;
- By giving his Department's views on resolutions and motions affecting it;
- By defending the administration of his Department;
- He would support (or at least not publicly criticise) policies and actions of the Administration;
- He would only introduce approved Administration Bills;
- He would resign on a vote of no confidence passed by the House;
- He will have no functions in relation to the Public Service.

(II) IN RELATION TO THE ADMINISTRATOR'S EXECUTIVE COUNCIL

- Being a member of the Council he would support or at least not criticise in public policies or actions of the Administration;
- He would be bound to accept and carry out decisions made by the Council or else resign his office;
- He would represent the interests of his Department in discussions on the draft Estimates in the Council;
- He would introduce matters into the Council with the approval of the Administrator and in respect of his designated functions would generally represent such functions in the Administrator's Executive Council (see later for procedure on policy matters);
- He will have no functions in relation to the Public Service.

(III) IN RELATION TO DEPARTMENTAL FUNCTIONS AND OPERATIONS

- He would assume certain of the functions which now devolve on a Department Head;
- He would be responsible for the Department's operational activities and to make decisions appropriate to those activities;

(NOTE:—It may be necessary to adumbrate the first two points by attempting to define what are the 'functions', 'operational activities' and 'day to day decisions' within the competence of a Ministerial Member;)

- All decisions of a Ministerial Member will follow consideration by him of papers and recommendations submitted to him by his Department and the decision of the Ministerial Member will be recorded in writing on such papers etc.;
- To co-operate with, and seek the advice of, his Departmental Head on all matters affecting the business and functions of the Department.

(iv) GENERAL

Ministerial Members should conform to the accepted code of conduct normally applicable to 'Ministers'.

(B) *Role of Departmental Head of a Department with a Ministerial Member*

(i) IN RELATION TO THE HOUSE OF ASSEMBLY

- He would have no direct role per se, but would advise the Ministerial Member on matters within the competence of his Department.

(ii) IN RELATION TO THE ADMINISTRATOR'S EXECUTIVE COUNCIL

- He would perform the function of advising the Ministerial Member on matters coming before the Council;
- He would be present at meetings of the Council at the request of the Administrator or Ministerial Member.

(iii) IN RELATION TO DEPARTMENTAL FUNCTIONS AND OPERATIONS

- He will remain responsible for the working and the efficient conduct of the business of his Department;
- To co-operate with and tender advice to his Ministerial Member on all matters affecting the business and functions of the Department.

(C) *Relationship between Departmental Head and Ministerial Member*

(i) GENERAL

- The basic assumption in the successful working of the proposed system is the mutual willingness of the parties to co-operate in its effective working. Immediately on its inception it seems desirable that separate symposiums be held for Departmental Heads and Ministerial Members to explain to them matters of detail arising from this paper and the basic philosophy underlying it;
- It is fundamental, of course, that all matters relating to the Public Service (establishments, duties, classifications, promotion, recruitment etc.) will remain the responsibility of the Public Service Commissioner and the Departmental Head—the Ministerial Members duties and responsibilities will not impinge on this area in any way.

(ii) IN EVOLVING AND APPLYING POLICY AND IN MAKING DAY-TO-DAY DECISIONS

- The initial difficulty is determining what is a policy matter and what is a day-to-day decision. There is an area where a distinction could not be readily made, but some attempt should be made to indicate guide lines;
- In the functional area for which the Ministerial Member is responsible (on other than policy matters) he has the final decision—if there is a dispute as to whether the matter is a ‘Ministerial functional’ matter or a policy matter, this is decided by the Administrator;
- A Departmental Head desiring to originate a policy proposal will clear same with the Administrator before discussing it with the Ministerial Member. *If not cleared* it would not be discussed with the Ministerial Member. *If cleared*, the Departmental Head would then consult the Ministerial Member—if the latter *approved* in toto the policy matter would be submitted in the normal course for decision of the Administrator’s Executive Council. If the Ministerial Member *did not approve* the policy matter (together with the views of the Ministerial Member) would be referred to the Administrator for his decision—the final form of its submission to the Administrator’s Executive Council would then be determined by the Administrator after seeking the Minister for External Territories’ approval where appropriate;
- If a Ministerial Member desires to initiate a policy proposal he will request the Department to prepare the proposal in appropriate form;
- Where policy proposals originate with the Ministerial Member they would be forwarded by the Departmental Head to the Administrator accompanied by any comments the Departmental Head deems necessary. (It is probable that the Ministerial Member would have availed himself of an opportunity of seeking the advice of the Departmental Head before formulating the policy proposal.);
- The final form of its submission to the Administrator’s Executive Council would then be determined by the Administrator after seeking the Minister for External Territories’ approval where appropriate;
- When the final form of the policy submission has been determined by the process indicated in the two preceding points the Administrator would decide where appropriate to put the policy to the Minister for External Territories either before or following its submission to the Administrator’s Executive Council.

The Role of the Administrator’s Executive Council

- Apart from budgetary proposals (which are considered later) it is contemplated that the Administrator could consult the Council on all matters except those relating to defence, external affairs, the public service, constitutional matters and internal security (although at his discretion he could keep the Council informed on those matters). In urgent cases the Administrator would be able to act without the advice of the Council but would let the Council know as soon as possible of the action which he has taken;
- Since the Council is an advisory body the Administrator is not required to accept its advice;
- In practice it could be hoped that few occasions would arise where it should be necessary for the Administrator to act contrary to the advice received; if

Ministerial Members so requested any dissenting views would be conveyed to the Minister;

- It follows from the foregoing that, subject to the Administrator's responsibility to administer the government of the Territory, the Administrator's Executive Council be the principal instrument of policy of the Executive Government of the Territory;
- The composition of the Administrator's Executive Council would require that the official members on the Council cover all Departments of the Administration not represented on the Council by Ministerial Members.

The role of Assistant Ministerial Members

- Assistant Ministerial Members will be given specified functions within the Department to which they are appointed and in the carrying out of these specified functions they will be subject to the over-riding authority of the Permanent Head;
- Outside their specified functions, they could participate in the activities of the Department to which they are attached by performing all or some of the following activities as and when required without any formal prescription of same as part of their duties:—
 - To assist during preparation of Bills within the Department,
 - To represent the Department at official functions,
 - To answer questions in the House,
 - To meet official visitors,
 - To participate in Departmental conferences,
 - To participate in preparing budget estimates,
 - To participate in Departmental policy formation,
 - Liaison with representative public bodies.

The Estimate and budget

- This is a continuing process running from January to entry of Bill into House of Assembly. There are certain stages.
- Preliminary consultation will take place with the Administrator's Executive Council on the overall shape of the Budget following some preliminary consultation between the Administrator and the Department of External Territories. Subsequently the Administrator's Executive Council or a committee of it might discuss certain general propositions e.g. the amount of money to be spent on secondary or tertiary education on³ Works Programme (within the overall revenue likely to be available);
- Detailed budget preparation would then take place including participation by Ministerial Members in preparation of Departmental estimates. Assistant Ministerial Members would be consulted Departmentally on matters within their responsibilities but would not come into the Administrator's Executive Council deliberations;

³ This should perhaps read 'or'.

- The estimates would then be referred to the Administrator's Executive Council on the clear understanding that they are draft estimates and changes can still be suggested by the Administrator. Official members of the Council would represent Departments not having Ministerial Members—there would be power to call in the Departmental Head if necessary;
- The Administrator's recommendation on the Budget would then be referred to the Minister for External Territories. Submission to the Government would follow;
- After decision by the Commonwealth on the amount of the grant there would be a reference back to the Administrator's Executive Council. There would then be a final submission by the Administrator to the Minister for External Territories and a decision on the final form of the Budget before its introduction into the House of Assembly;
- Any Supplementary Budget would go through the process outlined above.

Ancillary matters related to estimates and budget procedure

(i) The Select Committee recommended the appointment by the House of a Budget Committee of five elected members to provide an additional link between the House and the Government in budgetary matters, and as a means by which members could channel budget proposals for reference to the Administrator's Executive Council (via the Speaker to the Administrator) or the Ministerial Member representing the Department concerned.

It has now been suggested that the Budget Committee might be given the following additional functions to be performed by it early in each year:—

- Give its views on new works which might be included in next year's Works Programme;
- Given opportunity to put forward suggestions on the Estimates having regard to the provision made in the current year's appropriations.

(ii) Financial delegations—Ministerial Members could exercise financial delegations within the framework of the budget. Variations within allocations or for purpose, of any extent,⁴ would still be required to be approved by Treasury. Consideration will also have to be given to any form of financial delegation to a Ministerial Member which now rests with a Departmental Head.

[NAA: A452, 1970/4520]

⁴ A word appears to be missing in this sentence.

169 MIS NO. 3/68

Port Moresby, 5 April 1968

SECRET

*[matter omitted]**Item 389: 1968 House of Assembly Elections*

The counting of primary votes and the distribution of preferences in the House of Assembly elections has now been completed in all but five electorates.

The election, the second in the Territory, was marked by the participation for the first time of more than one political party. Although the parties—Pangu Pati in particular—attracted a lot of press attention, they had little or no influence on most results.

There was no sponsorship by parties of candidates in the sense that endorsement by a political party is understood in Australia; where there were party affiliations, most of the candidates denied or played down their association. The importance of personalities was illustrated by a large number of results requiring exhaustive counting down to the seventh or eighth distribution of preferences. Three of the five parties failed to have candidates returned, and no more than 14 of the 84 elected members will have known party affiliations.

In the new Assembly, a large majority will be conservative independents who campaigned mainly on parochial issues. This will include a large Highland bloc—at present opposed to political parties as representative of the more ‘progressive’ views of the relatively sophisticated coastal people, who have had a longer association with Europeans. The Assembly will also include a vocal conservative group and a significant number of somewhat radical and more ‘progressive’ members, several of whom belong to Pangu Pati. While most of the independents will be primarily anxious to push the parochial matters on which they campaigned (more development funds for their region, better prices for their produce, more schools and public facilities in their electorates), they may, as a result of frequent support on particular issues, tend to find themselves aligned with an organised group or an influential member, and come to be identified as part of a ‘party’ grouping.

*[matter omitted]*¹

Although Pangu Pati was the most successful party, the extent of its support and the degree of its radicalism should not be over-emphasised. It is unlikely to gain support of more than a clear minority in the Assembly but it is difficult, at this stage, to assess what support the party would be likely to command in a clash with Administration interests on crucial issues. Much will depend on whether Pangu leaders exercise restraint in advocating radical policies against the possibility of increased support for the party and the leaders’ own solidarity and agreement on policies. It may well be that some Pangu members will forsake party interests and accept ministerial type appointments if offered.

1 Matter omitted mentions ‘Prominent figures who were either members of or closely associated with Pangu Pati’ and who ‘had mixed successes during the elections’—one of which was Somare who ‘is anti-European and has a reputation for radical views’. ‘There was’, the report continued, ‘no evidence, however, that he projected this image in his electorate or in his actual campaigning’.

The All Peoples' Party was successful in two of the eight electorates contested and could form the nucleus of a larger conservative grouping.

The elections have shown that as yet there is no effective party system in the Territory; the independent conservative element with parochial outlooks remains predominant for the time being.

[*matter omitted*]²

[NAA: A1838, 936/3/15 part 4]

170 LETTER, SHAW TO PLIMSOLL

New York, 9 April 1968

CONFIDENTIAL

Australian membership of the Committee of Twenty-four

A reading of the Department's All Posts Savingram AP30 of 6th March, 1968,¹ leads me to put to you the following further comments on Australia's interests as a member of the United Nations Special Committee on Colonialism.

It was in the light of what seemed to be the imminent carrying out of a United States decision to leave this Committee that you decided early this year to seek the views of the Minister on our own membership. The considerations set out for the Minister and summarized in Savingram AP30 hardly amount to a full presentation of the views expressed on this subject by this Mission. Our points of differences of opinion and presentation are summarized in the attached paper.

The current decision is apparently that, despite some disadvantages to Australia, we should remain a member of the Committee of Twenty-four so long as the United States and the United Kingdom retain their membership.

Our first point is that both these countries have interests very different from our own which they believe they serve by membership of the Committee of Twenty-four. In the case of the United States, they have their relationships with the African States to consider and in addition their own internal race problem which they must consider in relation to any international moves which would arouse African criticism. I would judge that having come to the brink of leaving the Committee last December and then withdrawing from that decision, the United States will not be likely to reverse this decision unless they suffer some serious affront in the Committee.

As for the British, they have widespread and substantial economic and political interests in the African Continent which we do not share. Caradon's² views will prevail in the

2 Extracts of the above were published as an annex to JIC current intelligence weekly report no. 15/1968, 10 April 1968 (NAA: A1838, 936/4/10).

1 It gave historical background on Australia's participation in the Committee and summarised the attitude decided in Document 162. It also listed arguments for withdrawal and those that had been central to the decision to remain (NAA: A1838, 935/2 part 20).

2 Lord Caradon, United Kingdom Permanent Representative at the UN.

present Government and these are strongly in favour of cooperating, as he sees it, with the African members of the United Nations.

If it is a question of support by Australia for Britain and America in the Committee of Twenty-four, all we can say is that the very small group of members of the Committee which are prepared to speak and vote against the majority would not be affected much by the replacement of Australia, presumably by some other Western European member. We have had no pressure at all from the British or the Americans to stay on the Committee in order to support them.

As I see it, the two points of importance for Australia in regard to the Committee of Twenty-four are firstly, the extent to which that Committee discusses the Territory of Papua – New Guinea and secondly the possible relationship between the Committee of Twenty-four and the Trusteeship Council.

As we have pointed out, Papua – New Guinea does not loom large on the Committee's agenda. When this territory is dealt with then the attitudes which Australia has expressed in the Committee on other colonial matters are likely to act to our detriment. The weakness of our position is that Australia is obliged to take attitudes and decisions on a number of questions of little direct concern to ourselves which harm our general image in the minds of the Afro-Asian majority.

So far as concerns the Trusteeship Council it is hard to see how, in the light of the Charter, the Council can be pushed to one side, but the attempt will be made to down-grade its importance and to up-grade the Committee of Twenty-four as the most representative United Nations body concerned with colonial matters. This attempt is assisted so long as the Committee of Twenty-four includes the permanent members of the Security Council, except France and China, and the remaining administering power of a trust territory, Australia. We have some interest in the down-grading of the status of the Committee of Twenty-four and this would have been achieved if the U.S.A., Australia and the United Kingdom had all left early this year.

As you will know, the structure of the Committee's sub-committees will be the same this year as last and Australia will again be a member of the second sub-committee, which deals with Pacific territories. In general these are territories in whose future Australia has some interest, and it could be argued that we have a role to play in discussion of them both in the sub-committee and later in the Committee itself.

Our participation in the sub-committee's discussions has not however been fruitful in the past, and while we should keep an open mind over the next six months I doubt that achievements in this area will outweigh the disadvantages of our continued membership of the Committee, which I have outlined above. To recapitulate, these disadvantages are that our continued membership adds weight to the view that the Committee could take over the role of the Trusteeship Council, and causes us to take attitudes and decisions on a range of issues not of direct concern to us, and on which our attitudes are sharply at variance with those of the Afro-Asian majority in the Assembly.

We should watch critically the performance of the Committee over the period up to the Twenty-third Session in September this year, and then take a decision as to whether Australia, independently of what the United States and the United Kingdom might decide about membership, should decide to give up membership of the Committee of Twenty-four as from the end of this year.

Our notification of withdrawal should be made to the Secretary-General by December of this year, and it might prove expedient to leave that action until after the Fourth Committee and perhaps the General Assembly have finished their discussions about Papua – New Guinea. Developments concerning the future of the Trusteeship Council could of course affect this proposed timing.

I should be glad to have your further comments.³

Attachment

ARGUMENTS AGAINST AUSTRALIA'S WITHDRAWAL FROM THE COHMITTEE OF TWENTY-FOUR PUT FORWARD IN SUBMISSION TO THE MINISTER OF 20TH FEBRUARY, 1968⁴ AND IN A.P. SAVINGRAM 30 OF 6TH MARCH, 1968

Argument

(i) Withdrawal alone would undoubtedly attract to us considerable odium, not only in the Committee of Twenty-four, itself, but in the Trusteeship Council, in the Fourth and possibly other Committees and in the Plenary.

Comment

The importance of the Committee of Twenty-four as a body of the General Assembly of the United Nations can be overestimated. Although the African and Arab representatives in the Committee participate vigorously in its work and hope to see it achieve certain goals with relation to Africa, and particularly the problems of southern Africa, its proceedings have become so stereotyped that it is not followed with particular attention by, for example, the great majority of Western European, Latin American or Asian delegations. It seems to us that an independent decision by Australia to withdraw on the grounds that it did not feel that it had a positive further contribution to make to the work of the Committee need not attract any great or lasting attention, let alone odium, to Australia, even among African delegations.

[*matter omitted*]

Argument

(ii) We cannot expect our friends in the Committee of Twenty-four—the United States and the United Kingdom—to defend our position or state our case in regard to Papua – New Guinea and the Cocos Islands as fully and effectively as we ourselves are in a position to do. (Indeed on some issues our friends might be embarrassed if they spoke as strongly as we would wish them to speak.)

Comment

Leaving the Committee will not make it any less feasible for us to speak ourselves before the Committee on Papua – New Guinea, or on any other Australian territory with which the Committee might decide to concern itself. The administering power is expected to

³ A reply to Shaw has not been found.

⁴ Document 162.

take part in the debate when a particular territory is being considered and is accorded full rights to speak, reply, present information and so on.

In fact there has been consideration given in the past (paragraph 11 of submission to Minister of 14th December) to the question of whether, were we to leave the Committee, we should continue to be willing to present our case on Papua – New Guinea before it.

If it were decided that it was not in Australia's interest to present its case on Papua – New Guinea before the Committee of Twenty-four, it would be all the more difficult to avoid doing so if we remained a member of the Committee.

Nevertheless we consider at this stage that it would be in our interests to play down the implications of a decision to withdraw by announcing that we would continue to participate, as a non-member and as the administering power, in the discussion of our territories.

Argument

(iii) If there is now a prospect that the Committee will adopt more reasonable attitudes it is in the general Western interest that we should cooperate with the USA and Britain in influencing the Committee in more constructive, responsible directions.

Comment

The present Chairman and Vice-Chairman, Mestiri of Tunisia and Raouf of Iraq,⁵ are improvements over the office bearers of last year. While this is all to the good, and the new regime should lead to more orderly meetings and a lesser likelihood of outrageous behaviour, this does not mean that the products of the Committee will be, in the final analysis, much more acceptable to Australia. In some respects it will be more difficult to object to the activities of the Committee with office bearers who behave in a correct fashion than with office bearers who behave wildly.

Argument

(iv) The voting on the Papua – New Guinea resolution in the 1967 General Assembly, while not satisfactory from our viewpoint, was an improvement compared with 1966. By remaining on the Committee we might, given a more reasonable attitude on the part of the members, be able to gain better understanding of our policies and problems.

Comment

Only a small number of countries are members of the Committee of Twenty-four and its importance as a lobbying vehicle is therefore limited. We will not obtain greater support for our views on Papua – New Guinea by being forced to express views on a whole range of other colonial matters at variance with the great majority of members of the Committee and indeed of the United Nations. This, it seems to us, is more likely to make the Afro-Asians want to hit back at us over New Guinea. As we have pointed out above, we would be able, as a non-member, to appear before the Committee to present our case on Papua – New Guinea, and we could of course follow its proceedings and do as much lobbying among that particular group of countries as a non-member as we can as a member.

Some time ago in our Savingram No. 3 of 17th January, 1968, we presented a detailed programme of lobbying activities with governments⁶ which should have been put into

⁵ Adnan Raouf, Minister, Delegation of Iraq to the UN.

⁶ Not printed.

effect already, if we are to make a serious attempt to improve the Papua – New Guinea vote in the Fourth Committee this year. The possibilities for improving the vote are real, but they depend on proper and diligent lobbying, most importantly in capitals as well as in New York. The proposals contained to this end in our Savingram under reference are the important thing in this regard, not continued membership of the Committee of Twenty-four. We have had no reaction to our proposals.

Argument

(v) If we alone left the Committee we might forfeit the sympathy, which at present seems to be growing, of our close Asian neighbours.

Comment

... It is our considered opinion that our close Asian associates do not regard the affairs of the Committee of Twenty-four as important ...

Further we should endeavour to convince Asians and others that our efforts in New Guinea should not be compared with conditions in some other territories with which the Committee of Twenty-four is concerned. We would more effectively be able to justify special treatment of our territories, and thus be more likely to secure Asian sympathy for our efforts, if we were not at the same time obliged to defend the efforts of other administering powers.

Argument

(vi) The British and Americans decided to remain on the Committee thereby leaving us in a position where we would have had to withdraw in isolation.

Comment

The modalities of an independent decision to withdraw have not been tested. It can be argued that an independent prior decision by Australia would help the United States to reach its own decision which would be in our interests.

An independent Australian decision to withdraw, presented in low-key fashion (by emphasising the contribution we have made for six years and the need to allow other members to participate), should cause less resentment against us than a general Western walk-out in which we would be seen take⁷ following the United States and the United Kingdom.

Argument

(vii) As the major Western powers were remaining our objective of reducing the standing of the Committee was not achieved.

Comment

Our, Australian, objective is not simply to reduce the status of the Committee but also to change the present situation in which we are obliged to express ourselves on a range of issues which have little to do with us and on which our attitudes are consistently and strongly at variance with those of the countries which feel themselves most intimately affected by this range of issues.

[NAA: A1838, 935/2 part 20]

⁷ This word should perhaps have been rendered 'as'.

171 LETTER, HAY TO WARWICK SMITH

Port Moresby, 16 April 1968

I have been giving thought to some of the political problems that now face us. The Secretary for Law is in touch on the texts of amendments to the Papua and New Guinea Act.¹ There remain the questions of the presentation of these amendments and of the determination of several policy issues to which the amendments give rise.

The following is a list of points on which policy has yet to be decided:

- (a) Number of Official Members; whether departmental heads should be Official Members; role of Official Members in House of Assembly.
- (b) Parliamentary and departmental duties of Ministerial Members and Assistant Ministerial Members—in particular duties of those persons in answering for departments in the House of Assembly. Rights of access to the Administrator and the Minister, and of submission of matters to Administrator's Executive Council.
- (c) Government's attitude towards future constitutional development in light of the conclusion on this point in the report of the Select Committee.
- (d) Revision of House of Assembly procedures and role of Official Members in such revision.
- (e) Working of Administrator's Executive Council—number of meetings—definition of role of Ministerial Members—the third Official Member of the Council.
- (f) Extent to which Ministers and Assistant Ministers should participate in such bodies as I.D.C.C and Land Development Board—relation between such bodies and the Administrator's Executive Council.
- (g) Organization of Seminar for Members of the House prior to opening of 4th June.
- (h) The Nominations Committee—membership of.
- (i) Principles for selection of elected members of the Administrator's Executive Council.
- (j) Role of the House Budget Committee.
- (k) Physical arrangements.

Many of these problems are discussed in the paper CWP/1. I enclose a redraft² of this based on discussions with the I.D.C.C. here.

I also attach a draft statement which sets out my recommended views on points (a), (b), (c), (d) and (e) listed above, in a form which can be used publicly by the Minister, perhaps in the House of Representatives, or alternatively by myself in a public statement up here, or by both at appropriate times. I would be glad if this draft could be placed before the Minister and his reaction to it sought.

So far as the Official Members of the Administrator's Executive Council are concerned, we did discuss this earlier and concluded that it would be better to have the Director of District Administration in it, on the grounds that the presence of the Treasurer could

¹ For background, see footnote 1, Document 168.

² For original, see Document 168.

always be arranged whenever he was required and that the same applied to the Secretary for Law. I should be glad if the Minister's firm view on this matter could be obtained.

It is important to clarify our minds as to the roles of Ministerial Members and Assistant Ministerial Members on the I.D.C.C. and subordinate bodies, such as the Land Development Board. The latter are essentially bodies of officials which make recommendations to the Administrator. Participation of Ministerial Members and Assistant Ministerial Members would not, therefore, be appropriate. But it would be essential for a departmental head to keep his Ministerial Member or Assistant Ministerial Member informed of matters going to such bodies from his department and to satisfy himself that what he submits is broadly acceptable to his Ministerial Member or Assistant Ministerial Member. Many matters which the I.D.C.C. has considered will then be submitted, on the decision of the Administrator (after consulting the Minister as necessary), to the A.E.C. for consideration. This would be done in the form of the I.D.C.C. paper with a covering note by the Ministerial Member or Assistant Ministerial Member concerned.

Matters could also come before the Administrator's Council on the initiative of the Ministerial Member or Assistant Ministerial Member. Normally the Ministerial Member would have his departmental head prepare a case, and seek views of other departments through the I.D.C.C. The Ministerial Member would then consult the Administrator and, subject to his agreement, would put the matter to the A.E.C., again in the form of an I.D.C.C. paper with a covering note from himself.

Now that the elections are nearly over, we need to consider tactics in relation to the Nominations Committee and the elected members of the Administrator's Council. In my view, the Administration is bound to be interested in the composition of the Nominations Committee because of the possible danger that in the confused state of affairs of the early days of the House a group of people might put in a slate which would gain acceptance, but would not be conducive to the objective approach we would need to the selection of Ministerial Members and Assistant Ministerial Members. The Official Members might, therefore, be instructed to ensure that the Committee is broadly representative. I would think that at least two of the five should be from the Highlands, one from the New Guinea Mainland, one from the Islands and one from Papua. In my opinion Neville would be a good man to have as one of the Highlands' representatives and possibly Ashton³ from New Britain as the Islands' representative. I am not sure yet whether Official Members ought to exercise their right to vote on the membership of the Nominations Committee, but there is advantage in their doing so which we may not yet be in a position to forego.

One of the first things to be agreed with the Nominations Committee would be the principles for the selection of Ministerial Members and Assistant Ministerial Members. In the first place we would want it quite clear that the job is to select a group of fifteen members and that the selection of Ministerial, as distinct from Assistant Ministerial, Members and the allocation of portfolios to them rested with the Minister in the nomination of the Administrator. In the second place I think we should ensure that the importance of geographic representation is accepted. This would mean that the Highlands and Sepik areas must be adequately represented. I do not think we are yet in a position where the population numbers can be fully reflected in representation, but at least they should not be neglected. As a broad guide, I am inclined to suggest three from the New Guinea Islands, four from the Mainland, five from the Highlands and three from Papua (bearing

3 O.I. Ashton, MHA, East and West New Britain regional electorate.

in mind the likelihood of more experienced Papuans being available for office). The next principle would be that the Council should be broadly representative of the various shades of opinion in the House. This would mean that some party candidates ought to be given the chance of office. The price for this would be some loosening of the party ties of the individual in order to enable him to fulfill his obligation to the Council of secrecy and also of support or⁴ generally agreed policies. I suggest this principle because I think it would be a pity for party groupings in the new House to become too tight and binding.⁵ There may be some value in such groupings from the point of view of organization, but in my opinion, the House is not at the stage for the standard operation of a party system and we do not want one or more parties declaring themselves as an opposition and refusing to let its members take office. The final principle that I have in mind is the mixing of old and young, experienced and inexperienced. It would not be right for the members of the Council to consist solely of older and more experienced persons. There should be room for some of the younger members in order to help them gain experience of government.

I have not yet given much thought to actual names, but obviously those left of the Under Secretaries will have strong claims. We would be bound, for instance, to offer Paul Lapun a place in the Council, in order to demonstrate our intentions to make Bougainville continue on as part of the Territory as a whole. Matthias Toliman should continue for New Britain. The Sepik may present a problem. For the Highlands certainly Tei Abal, but there will be some problems in finding other suitable candidates from there. The rest of the New Guinea Mainland also seems to be somewhat open. In my view we ought to take on some of the younger ones for whom a period of responsibility would be salutary. In the case of some of the older hands who might be thinking of throwing in their lot with a party, I am inclined to let it be known that I hope they will serve in the Council. I think this might make them somewhat hesitant to commit themselves finally to a party. This will increase the likelihood of their being available to us.

This brings me finally to the question of the new Speaker. The field does not appear to be very promising. My hope had been that one of the Papuan or New Guinean members might have the experience and be able to inspire confidence. I still think that this should be our first preference. However, the field so far as European candidates is concerned is not much more promising.⁶

Attachment

CWP/1

CONSTITUTIONAL WORKING PARTY: PRINCIPLES TO BE ADHERED TO IN EVOLVING WORKING ARRANGEMENTS FOR THE OPERATION OF THE 'MINISTERIAL' SYSTEM AND THE ADMINISTRATOR'S EXECUTIVE COUNCIL UNDER THE NEW CONSTITUTIONAL ARRANGEMENTS FOR PAPUA AND NEW GUINEA

4 This word should perhaps read 'for'.

5 In a marginal note, Hay added: 'Mr Guise has made it quite clear that he would not let party affiliations prevent him from taking a position of responsibility in the Admin. Ex. Council'.

6 In a handwritten addition, Hay commented that he would 'be discussing these points, in general terms, with the Minister when he is here'.

(1) *Introduction*

The scheme is coming into effect in the early stage of a gradual movement towards self-government. This stage is characterised by: (a) uneven development in various population groups which would give the more advanced groups a decided advantage if the movement is accelerated before, say, 1972; (b) lack of effective indigenous middle and upper bracket public servants; (c) lack of effective indigenous middle and upper bracket for the professions; (d) lack of effective indigenous middle and upper bracket for economic life; (e) very narrow indigenous tax base; (f) lack of national feeling and unity.

At this stage the appropriate way to regulate the movement towards self-government is by giving Ministerial Members and Assistant Ministerial Members communal rather than individual responsibility, and by Australia sharing its ultimate legal authority across the board rather than 'devolving' it (or gradually parcelling it out). A certain threshold has to be reached before this is possible.

(2) The working arrangements now to be evolved must not be inconsistent with the following principles:—

- (i) in the early stages movement towards a ministerial system should, in the main, take place through collective consultation in the Administrator's Executive Council which should become the forum for collective policy making;
- (ii) in addition, Ministerial Members should assume some responsibilities of a ministerial character in relation to departments;
- (iii) Ministerial Members will not be appointed to 'reserved' departments;
- (iv) the authority and responsibilities of Ministerial Members must be confined within arrangements which leave to the Administrator as the representative in the Territory of the Commonwealth Government ultimate authority within the Territory;
- (v) the Commonwealth Government's control over the conditions of service of the Australian members of the Territory Public Service must be preserved;
- (vi) the final constitutional pattern for a self-governing territory should not be unduly determined by the interim arrangements.

CWP/2

PROPOSED ARRANGEMENTS FOR THE OPERATION OF MINISTERIAL MEMBERS

I. GENERAL

The Ministerial Members are to participate collectively in the formulation of policy and undertake certain departmental duties and functions of a ministerial character in the Administration.

[*matter omitted*]⁷

II. OPERATIONAL ASPECTS

(A) *Role of Ministerial Member*

⁷ The remainder of this sub-section corresponds to that in the attachment to Document 168 except that the words 'but not all' were omitted in connection with the exercise of ministerial responsibilities by elected members. Also, the words 'policy making', in the context the AEC's capacity, were placed in quotation marks.

(I) IN RELATION TO THE HOUSE OF ASSEMBLY

[*matter omitted*]⁸

- With the agreement of the Administration, initiate legislative proposals for submission to the Administrator's Council;

(II) IN RELATION TO THE ADMINISTRATOR'S EXECUTIVE COUNCIL

- Take part in the discussion of policy questions in which the Council is consulted by the Administrator;

[*matter omitted*]⁹

(III) IN RELATION TO DEPARTMENTAL FUNCTIONS AND OPERATIONS

- To assist his Departmental Head on the basis of mutual co-operation, on all matters affecting the business and functions of the Department, other than those management functions which are the sole responsibility of the Departmental Head;
- To exercise such delegations as may be authorised by the Administrator;

[*matter omitted*]¹⁰(B) *Role of Departmental Head of a Department with a Ministerial Member*

(I) IN RELATION TO THE HOUSE OF ASSEMBLY

- To advise the Ministerial Member on matters within the competence of his Department.

(II) IN RELATION TO THE ADMINISTRATOR'S EXECUTIVE COUNCIL

- To advise the Ministerial Member on matters affecting his Department coming before the Council;
- To attend meetings of the Council at the request of the Administrator or Ministerial Member;

[*matter omitted*]¹¹(C) *Relationship between Departmental Head and Ministerial Member*[*matter omitted*]

(II) IN EVOLVING AND APPLYING POLICY AND IN MAKING DAY-TO-DAY DECISIONS

- A Departmental Head desiring to originate a policy proposal will clear same in the first instance with the Ministerial Member. He would then process the proposal through the Inter-Departmental Co-ordinating Committee and in reference to the Department. Subsequently, on the decision of the Administrator (after consulting the Minister as necessary) the proposal would go to the Administrator's Executive Council for consideration. This would be done in the form of the Inter-Departmental Co-ordinating Committee paper with a covering note in the name of the Ministerial Member.

8 Matter omitted includes five points that in substance match the first five points of II(A)(i) in the attachment to Document 168.

9 Matter omitted is in substance the same as points three and four of II(A)(ii) of loc. cit.

10 Section II(A)(iv) matches that of loc. cit.

11 Matter omitted, and that following, is substantially identical to the corresponding section of loc. cit.

- If a Ministerial Member desires to initiate a policy proposal he will request the Department to prepare the proposal in appropriate form.
- If the Departmental Head is unable to agree with the Ministerial Member that the proposal should be processed, he will refer it to the Administrator. Otherwise, the Departmental Head will process the proposal through the Inter-Departmental Co-ordinating Committee to the Administrator in the normal way. The procedure for submission to the Administrator's Executive Council would be as described above.
- In the case of all major Inter-Departmental Co-ordinating Council proposals views would be exchanged with the Department of External Territories in the early stages.

The Role of the Administrator's Executive Council

[matter omitted]¹²

- Other distinctions between consultation and advice (in the sense used in the Papua and New Guinea Act) will be preserved. In the foreseeable future, there are not likely to be many issues in which formal advice is sought.
- It is on this basis that, subject to the Administrator's responsibility to administer the government of the Territory, the Administrator's Executive Council will be the principal instrument of policy of the Executive Government of the Territory.

[matter omitted]¹³

The role of Assistant Ministerial Members

- Assistant Ministerial Members will be required to be on duty in their Departments (or engaged on departmental duties, such as inspections, elsewhere) for the first two weeks in each month. During that time they will be consulted by the Departmental Head and senior officers in major matters affecting the Department.
- In addition, they could participate in the activities of the Department to which they are attached ...

[matter omitted]¹⁴

- Each month the Assistant Ministerial members will meet jointly with the Administrator and/or senior officers to discuss and study future legislation and other matters of Territory interest.

[matter omitted]

NOTES FOR A PUBLIC STATEMENT ON MATTERS ARISING FROM REPORT OF THE SELECT COMMITTEE

The changes to which the amending legislation gives effect arise from recommendations by a Select Committee appointed by the House. The Select Committee took great trouble to consult the people of the Territory in public and open hearings and it may be confidently said that its report reflects the overwhelming majority of Territory opinion.

12 Matter omitted matches the first dot point of the corresponding section in loc. cit.

13 Matter omitted is the same as the last dot point in this section of loc. cit.

14 Matter omitted, and that following, is identical to the corresponding section of loc. cit.

The effectiveness of constitutional changes depends not only on their wording but on the spirit in which they are conceived and carried out. The Select Committee report recognizes that the Commonwealth remains constitutionally responsible for the good government of the Territory. The Commonwealth must be in a position to exercise that responsibility. It must also be able to account to the Australian taxpayers, who after all pay for more than half the annual budget and also spend substantial additional sums on activities of Commonwealth Departments and instrumentalities (for example Civil Aviation, Works, Army and the A.B.C. and O.T.C.),¹⁵ on the expenditure of their money. The Commonwealth intends therefore to retain the ultimate decision in such vital matters as budget strategy until the stage of self-government is closer than it now is.

Within this framework it intends to share its responsibilities to an increasing extent and to rest heavily on the advice and opinions of Territory leaders and the House of Assembly.

We do see the relationship between the House of Assembly and the Administration as being one of co-operation in achieving broadly agreed purposes. The Administration will be expected to initiate, in accordance with the government's broad policy, plans for the economic social and educational advancement of the people of the Territory. Where the Administration has an important piece of legislation to present, then it is essential that this should be able to command a priority, and one of the amending provisions now before the House provides for this. But it will in all matters, including policy matters, consult with the elected political leaders of the Territory and it will be responsive to Territory views put forward in such consultation. The concept is one of shared responsibility as between the Administration and the House.

The way will still be open for the private members to put forward legislation. In the new House it is to be hoped that initiatives for legislation will also come from Ministerial Members in consultation with their departments. The way is open for them to bring forward legislation through the channel of the Administrator's Executive Council.

The Administration with at the most 10 members out of 94 could not, even if it wished, ensure the passage of its legislation by its command of sufficient votes. It must first convince the Ministerial Members and Assistant Ministerial Members that the legislation is worth while. It must then convince the House. Its success in doing this will in all probability depend on the degree of consultation which has earlier taken place, and the degree to which the legislation represents Territory and Australian opinion jointly.

Clearly the success of this approach depends upon the elected Members as well as on the Administration. I ask of the elected members that they accept the constitutional assumption on which the activity of the House of Assembly must be based, namely, that it is not for a self-governing body.

For this system, and it is an agreed system, to work, members need to accept a restraint on their activities which is not acceptable in a self-governing parliament. In the latter their aim naturally would be to form a government of like minded persons in order to put through a programme on which they gained election. By contrast, the Territory House of Assembly shares in the responsibilities of government, not by trying to take over the functions of government, but by having persons acceptable to it and, in a practical sense, responsible to it, who take part in the decision making processes of the Executive. The deliberative and legislative roles of the Assembly will also increase in importance.

15 Overseas Telecommunications Commission.

It follows from what I have said that the government has confidence in the new system of Ministerial and Assistant Ministerial Members. The Administrator's Executive Council will function much more as a Cabinet than its predecessor. It will, as the Select Committee report says, become the principal instrument of policy of the executive government of the Territory. It will need, in all probability, to meet each week in order to transact business. Members will need to contribute to the full range of the private Council discussions and will thus have to study in detail the variety of business papers. When matters affecting their departments are under discussion, it will be for them to argue the case, just as they will have to do in the House of Assembly. Their range of interests and responsibilities will go much beyond the affairs of single departments. Indeed, at the present stage, the movement towards self-government will be taking place as much through the communal as through the individual responsibilities of Ministerial Members and Assistant Ministerial Members. Their departmental responsibilities will also be considerable. The running of departments, including promotions, transfers, allocation of duties will, as in Australia, remain the sole responsibility of departmental heads. The Ministerial Members will be consulted on policy questions and on important executive decisions based on agreed policy. They will be able to initiate, in concert with departmental heads, the study of policy matters. They will also be able to make recommendations to the Administrator, including recommendations in¹⁶ topics for discussion in the Administrator's Council. The Select Committee report recommended a procedure to be followed in the event of disagreement between Ministerial Members and departmental heads. This is a sensible precaution, but I do not expect that it will often have to be brought into force.

Inevitably much more of the time of Ministerial Members will have to be spent on government than on purely electoral business.

It would be wrong to describe the positions of Ministerial Members as in any sense 'learner' positions. On the contrary, they are truly executive positions with real, though limited, responsibility. If Ministerial Members do not measure up to these responsibilities, we may expect them to be criticized in the House and this could lead to demands for their resignation.

There is more of an educational character in the position of Assistant Ministerial Members. But the positions will be important ones. Like Ministerial Members, their communal responsibilities will rank in importance with their departmental duties; they will have to spend more time in departmental duties than has up to now been the case. At least two weeks in each month will need to be spent in such duties. The Assistant Ministerial Members will hold regular joint meetings with the Administrator. At these meetings the opinions of Assistant Ministerial Members will be sought on broad questions of policy. They will be asked to study forthcoming legislation in detail and to let the Administration have their views. They will have the advantage of prior knowledge of the Administration's intentions and the Administration, by organized discussion with them, will enlarge the range of its consultations. Assistant Ministerial Members will have to answer in the House of Assembly for the activities of their departments. Because of the unique opportunity they will have to study legislation well in advance, they will be able to explain it to their colleagues in the House. They will thus be able to help other Members in their understanding of the business of the House. These are considerable responsibilities.

¹⁶ This should probably read 'on'.

The amendments now before the House include on which¹⁷ states that the Governor-General may appoint 'not more than' ten Official Members of the Territory House of Assembly. The present Act makes it mandatory to have the number ten. This amendment reflects the government's view, already stated, that the Administration must rely on the persuasiveness of its programme, and the degree to which it represents Territory views for votes in order to get its legislation through. It is the government's view that the Official Members should comprise the two Assistant Administrators, the Director of District Administration, the Treasurer and the Secretary for Law and up to five other officials not necessarily departmental heads. The purposes of these changes are, first, to place on Ministerial Members and Assistant Ministerial Members the responsibility of answering for departmental affairs; second, to relieve departmental heads of an onerous function, and enable them to devote themselves full-time to their important departmental duties. Whether or not the full five remaining vacancies will be filled depends on the extent to which the burden of presenting the Administration programme, conducting government business and taking part in House Committees can be effectively carried by the five persons mentioned above, together with Ministerial Members and Assistant Ministerial Members. It is likely that in the first instance three or four District Commissioners with wide experience of various rural areas will be appointed and that this number will suffice.

The report of the Select Committee refers to future constitutional development. The government sees this as a continuing process and has no doubt that the House will wish in due course to review the success of the measures now being enacted and perhaps to embark on further studies. This is a matter within its competence. I would however make the point that experimentation may be a good thing with constitutional as with other arrangements. While Australia retains ultimate responsibility the Territory has an opportunity to experiment. It may be wise to take this opportunity rather than to aim in the short-term to draw up a final constitution, probably on the advice of outside experts, which may prove no better suited to the Territory's needs than the present one.

One area of fruitful experiment immediately available is the procedures of the House of Assembly. In many respects the present Standing Orders, which largely follow Australian practice, have not led us to as full an understanding of and participation in the legislative processes, as had been hoped. The remedy for this state of affairs lies with the new House of Assembly. If the Members wish to try new procedures, which rest more on oral than written presentation and which, for example, by the Committee system make possible the more detailed and intimate study of legislation than is possible in a Committee of the whole, then they will find the Official Members ready to co-operate to the full.

It may well be that improved procedures will satisfy some criticisms of members which have been directed against the type of constitution. One of the features of the Westminster type constitution is in fact its adaptability. This has yet to be tested in the Territory circumstances.

[NAA: A452, 1970/4520]

¹⁷ The words 'on which' appear to be superfluous.

172 MEMORANDUM, DOT (BALLARD) TO HAY

Canberra, [17 April 1968]¹

On the 3rd April the Secretary wrote sending some draft papers concerning the functioning of the Ministerial Member system.² These do not, however, mention the role of Assistant Administrators. It seems necessary to consider this separately in connection with the House of Assembly and Departments.

2. In the House of Assembly it seems plain that a Ministerial Member will represent his Department fully and only he will represent that Department. It would appear that the Assistant Administrators can no longer have any oversight of other Official Members or Administration representatives in the House of Assembly (although they may be able to present a broad view over a wide spectrum of Administration activities), and it does not seem practicable for them exclusively to represent particular Departments.

3. In your letter of the 23rd November, you suggested that the number of Official Members with quasi ministerial functions should be reduced to five.³ In making this proposal you did not, however, say how you envisaged the Departments not represented by Ministerial Members being represented in the House of Assembly. Assistant Ministerial Members will play a role in the House of Assembly in respect of Departments outside the reserved areas but it seems that Departments represented by Ministerial Members should have no other representation in the House, though their Member may be assisted by Assistant Ministerial Members. Other Departments would be represented by Official Members so designated, who also may be helped by Assistant Ministerial Members. Could you let me have your views on this matter?

4. With regard to the functions of Assistant Administrators in connection with Departments the position of the Ministerial Member in relation to his Departmental Head and the Administrator would seem to exclude an Assistant Administrator retaining any function of oversighting Departments as such. It seems that Assistant Administrators should act as assistants to the Administrator with no administrative functions in their own right. Although as 'assistants to' the Administrator they would of course discharge on the Administrator's behalf whatever responsibilities the Administrator assigned to them. The Administration would as a matter of practice avoid putting them, in their own right, in a position of authority over Ministerial Members.

[NAA: A452, 1968/4245]

1 A handwritten date reads '17?/4/68'.

2 Document 168.

3 See Document 149.

173 SUBMISSION NO. 59, BARNES TO CABINET

Canberra, 18 April 1968

CONFIDENTIAL

**Papua and New Guinea
constitutional development**

Cabinet Decision No. 558 of 7th October, 1967,¹ accepted amendments to the Papua and New Guinea Act 1949–1966 to give substantial effect to the recommendations of the Select Committee on Constitutional Development appointed by the House of Assembly for Papua and New Guinea.

2. There are certain additional matters which I consider ought to have Cabinet endorsement.²

Priority for Government business

3. Because there are 84 elected members and only 10 official members it would be possible for elected members to prevent consideration being given to urgent Administration business in the House. It is proposed that the Act should enable the Administrator to secure priority for particular Government business by a message to the Speaker.

Appointments to the Public Service

4. The present Act provides that the Governor-General may appoint or may delegate to the Minister or the Administrator the power to appoint persons to be officers of the Public Service of the Territory. In 1964 the Service was reconstructed basically as a career Service for indigenous officers and since then overseas staff have been engaged on a contract basis by the Minister under the Public Service Ordinance. Following this recommendation and in view of the proposed establishment of a Public Service Board in the Territory, it is proposed that the Act should be amended to vest the powers of appointment of officers of the Territory Public Service, including staff engaged on a contract basis and temporary employees, in the Minister, and to provide for him appropriate powers of delegation.

Governor-General's power to assent to part of an Ordinance

5. Under the present Act, Ordinances on certain subject matters are required to be reserved for the Governor-General to assent or withhold assent. Ordinances on the general

1 This should read '7 September, 1967'. See footnote 4, Document 139.

2 Barnes and Warwick Smith seem initially to have envisaged a more extensive submission. A note in Warwick Smith's files, under the heading 'Basic policy', set down plans for a submission based on 'policy points' in Hay's letter (presumably Document 155). The note explained: 'The idea is a Cabinet Submission which would give the Minister Cabinet backing for a firm line vis-a-vis any radical moves in the new House of Assembly. The Minister wants to point out ... that we are making a massive effort to bring about economic development with a heavy expenditure of funds and with concentration on staff, recruitment etc. He wants to say that this could not be done unless we control expenditure. If the stage is reached where the House ... effectively controls expenditure then whether we call it so or not that is self-government and that is not what the majority of people want at the present time. He wants to point out that there will be influences in the new House which will continually be trying to influence the power of the House ... This will have to be resisted at various stages, the particular stages and the degree of resistance being a matter of judgement. He wants to make it clear to the Cabinet that the House ... is a transitional House and no one can expect it to function in the same way as an Australian Parliament functions for the various specific reasons which can be set out. The object of the submission ... will be to warn of difficult circumstances likely to arise and to get authority in advance for the Minister to handle these along approved lines' (21 March 1968, NAA: NA1983/239, 48/2).

run of subject matters may be assented to by the Administrator but he may also reserve any Ordinance for the Governor-General's pleasure. Where an Ordinance is assented to by the Administrator the Governor-General is authorised to disallow the Ordinance in whole or in part but there is no parallel power to withhold assent to part of a reserved Ordinance. It is considered that the parallel power should be established in the Act so that the Governor-General could withhold assent to part of a 'reserved' Ordinance.

6. To avoid the possibility of such a power being exercised so that legislation would come into force in a form entirely different from that intended by the legislature it is envisaged that the authority of Cabinet would be obtained before the Governor-General was advised to exercise it in any particular case, and the requirement of the Papua and New Guinea Act that a Statement of Reasons should be tabled in Parliament when assent is withheld to an Ordinance would, it is proposed, apply equally where assent is withheld to part of an Ordinance.

Delegation of powers to Ministerial Members

7. The recommendations of the Select Committee on the Constitution which Cabinet approved recognised that until the people of the Territory determine their own political and constitutional future the duty and responsibility of administering the Territory rests with the Administrator acting on behalf of the Commonwealth Government. In accordance with this principle it is envisaged that Ministerial Members would exercise their powers by delegation from the Administrator. They should not have powers conferred on them directly by Ordinance to the exclusion of the Minister, and thus be placed in a position of exercising powers in their own right. It is proposed to frame the relevant amendments to the Act accordingly.

Local consultation

8. The Administrator's Council is continuing to function although in a 'lame-duck' capacity and this Council will be consulted on the changes now proposed before legislation is introduced into Parliament.

RECOMMENDATION

9. I recommend that the Act be amended to provide:

- (a) that priority be accorded to Administration business in the House of Assembly when a message is sent to the Speaker;
- (b) that the power of appointment to the Territory Public Service, including employees on a contract basis and temporary employees, be vested in the Minister along with a power to delegate;
- (c) that the Governor-General have power to withhold assent to part of a reserved Ordinance as well as to disallow part of an Ordinance assented to by the Administrator;
- (d) that the Act preclude statutory powers being conferred on Ministerial Members and on Assistant Ministerial Members by Ordinance whilst providing for them to exercise powers by delegation.³

[NAA: A5868, 59]

³ During a two-day visit to Port Moresby in mid-April, Barnes made clear his views on self-government. In an interview with the press, he said 'I don't think the question of a date for self-government is very important. We are fitting them for self-government by the efforts we are putting into the development of the economy, changes in the political system and social structure. I believe we are bringing them closer to the stage where they can have self-government'. When asked if he still held to the view expressed in 1965 that PNG would not be independent for 20 to 30 years, Barnes replied 'Yes' (*Age*, 19 April 1968, NLA: mfm NX 41).

174 LETTER, BARNES TO BOWEN¹

Canberra, 19 April 1968

In a submission concerning some additional changes to the Papua New Guinea Act I have proposed to Cabinet that section 56(1) of the Act should be amended to give the Governor-General the power to withhold assent to part of an ordinance.²

There has been an exchange of views between the Parliamentary Draftsman and the Department of External Territories regarding this proposal and in putting the submission forward I have had regard to the Parliamentary Draftsman's views of the legal problems which could arise by the inclusion of such a provision. It is, however, equally necessary to ensure that Cabinet are aware of the political difficulties of not having this power.

These political difficulties are best illustrated by a particular case. The Administration introduced a Bill to amend the Public Service Ordinance to provide for a single line salary scale for the Territory public service. A private member introduced an amendment to the principal Ordinance to provide for equal pay for men and women and this was passed by the House the same day.³ The Administrator has now reserved the Ordinance as he is required to under section 55 of the Act.

The most helpful course would be for the Governor-General to assent to the part of the Public Service Ordinance which relates to the single line structure and withhold assent to the wholly unrelated part which relates to equal pay for men and women. It seems quite unnecessary for the implementation of a major decision of the government to have to be held up by reason of amendment to the same Ordinance of a wholly different character.

A similar situation arose in connexion with the Museum and Art Galleries Ordinance of the Northern Territory. Then a private member introduced a Bill to establish a Board to control these matters. This Bill was passed by the Legislative Council and was assented to by the Administrator. The main principles of the Ordinance were acceptable to the

1 N.H. Bowen, Attorney-General. Following Ewens' memorandum outlining objections to assent to part of an ordinance (Document 158), Ballard discussed the issue with Comans on 18 March (for other details of this talk, see footnote 2, Document 167). Comans noted: '[AG's] had been asked for its views ... and we thought there were objections in principle. However the [Territories] Department feels that the practical situation calls for such a power, which should, however, be exercised with great care. I said that it was quite open to the [Territories] Department, through the Minister, to seek Cabinet approval but, if this were sought, we would no doubt point out to the Attorney-General the objections in principle. Mr. Ballard suggested that it might be wise for his Minister to write to the Attorney-General about the matter before seeking Cabinet approval and I agreed that this would be a wise course' (notes of discussion, 18 March 1968, NAA: A452, 1970/4520). Ballard later reported to Ewens that the Administrator agreed with DOET that 'Cabinet must be made aware of the policy arguments in favour of the inclusion of such a provision'. He wrote that Barnes would write to Bowen 'in greater detail than would be appropriate in a Cabinet submission' and would give an assurance that a recommendation to Cabinet to change the Act would not occur 'without prior consultation with the Attorney-General's Department' (memorandum, DOET (Ballard) to AG's, 1 April 1968, *ibid.*). A dissenting voice in Territories was that of W.A. Standish, a Public Service Board Administrative Trainee who was attached to DOET for work experience: 'I do not think that the letter in reply to the Parliamentary Draftsman [Document 159; a response to Document 158] ... answers his objections ... Further, I disagree that by withholding assent to part of an Ordinance any of the odium expected from total withholding of assent would be avoided. The distinction would be fairly transparent in any significant test case ... Either way, legislation would be being proclaimed which had not been passed by the legislature in that particular form' (minute to Payne, 7 March 1968, *ibid.*).

2 See Document 173.

3 See footnote 2, Document 158.

Government but one section which authorised the Administrator in Council to approve conditions of employment of employees of the Board contravened a decision of Cabinet. The Governor-General was able to disallow this particular section without having to nullify the main purposes of the legislation by disallowing the whole Ordinance.

I am not myself able to see any real difference between withholding assent to part of an Ordinance and disallowing part of an Ordinance. Disallowance of a part is not, of course, a peculiarity of the Papua New Guinea Act. The Administration Acts of each of the smaller Territories permit either House of Parliament to disallow an Ordinance made by the Governor-General in whole or in part. Similarly under the Acts Interpretation Act I understand that either House may disallow any Ministerial regulation and disallowance is not required to extend to the whole set of regulations.

Your officers have been concerned that a power to withhold assent to part of an Ordinance could be used to give legal effect to legislation in a form which was quite different from that passed by the legislature. To overcome this difficulty, which I appreciate is a real one, I have made it clear in the submission that I would not anticipate recommending to the Governor-General that assent should be withheld to part of an Ordinance without first seeking Cabinet's approval. I think, too, the requirement for tabling a statement of reasons in both Houses of Parliament provides a real safeguard.

[NAA: A452, 1970/4520]

175 TELEX, HAY TO WARWICK SMITH

Port Moresby, 23 April 1968

4508.

I have now had the opportunity of detailed discussions with Watkins on proposed amendments to Papua and New Guinea Act.

I have the following observations—

(a) General approach should be to make minimum changes in legislation. Too much definition underlines what powers the Assembly has not got just as much as it clarifies powers which the Assembly has. This could be an invitation to the Assembly to seek more. It is preferable in my view not to enter into too many definitions. Amendments we do make should be as closely as possible related to the Select Committee report.¹

(b) I accept need to include reference in amendments to both Ministerial Members and Assistant Ministerial Members.

(c) From what Watkins tells me there is a virtual rewrite of Division 2 (Administrator's Council).² This seems to me a pity. Section 19(1) needs only a change of name (which

1 Document 118.

2 That is, Division 2, Part IV of the Papua New Guinea Act 1949–1966. Part IV covered the administration of the Territory.

is of course needed throughout),³ no change needed in 19(2). (A) and (B) (C)⁴ needs amendment but suggest this be on lines consistent with Select Committee report e.g. eight elected members of the House of {whom} seven hold office as {Ministerial Members. No need to change 19(3) (4) (5) (6) (7) (8) or (9)}⁵ of section 20}.⁶ If we are going to change section 20 we would have to make reference to function in Select Committee report. However in fact main work of Council is not going to be 'advice' but consultation. This course is now open but {could} be closed off by any amendment to this section.

(d) I agree there should be a division on ministerial officers⁷ and that number and portfolios of Ministerial Members should be as determined by Minister on recommendation of the Administrator. Consider appointment and designation of Assistant Ministerial Members should be left to Administrator as is now the case with Under Secretaries otherwise we shall {create} impression of more rather than less delegation by the Minister. Agree that Minister's power to allot only part of a department's function to a Minister should be put in ordinance. I am opposed to any attempt to define in ordinance functions of Ministerial Members. We can rest more satisfactorily on the vague wording of the Select Committee report. Agree that legislation should prohibit conferring of powers on Ministers by Territory ordinance (as distinct from delegation).

(e) Reference to Ministerial Appointments Committee should read Ministerial Nominations Committee. As committee is essentially a negotiating body definitions of quorum and what constitutes an agreement could well be avoided.⁸

(f) I understand that section 56 will be amended to provide for the withholding of assent to part of an ordinance and that you agree with the necessity for a provision to enable urgent Administration business to be given priority.

[NAA: A452, 1970/4520]

3 This section was entitled 'The Administrator's Council'.

4 Section 19(2) (a), (b) and (c) declared that the Council consisted of the Administrator, three Official Members of the House of Assembly and seven elected MHA's.

5 Section 19(3) denoted that members of the Council would be appointed by the Minister on the nomination of the Minister and would hold office at the Minister's pleasure; (4) stated that a member of the Council would not hold office for longer than three months after ceasing as an MHA; (5), (6) and (7) outlined procedures for the resignation of Council members other than the Administrator; (8) indicated that the 'exercise of functions of the Administrator's Council is not affected by reason of a vacancy in the membership of the Council'; and (9) ordained that, subject to the Act, 'the procedure of the Administrator's Council shall be as prescribed, or, in the absence of regulations, as the Council determines'.

6 Section 20 described the function of the Council as advising the Administrator on any matter referred to it by the Administrator and 'in accordance with an Ordinance, on any other matter'.

7 This should probably read 'offices'.

8 In a memorandum of the same day, Ballard wrote to AG's: 'the intention is that the Administrator will negotiate with the Nominations Committee. During the course of this negotiation either he or the Nominations Committee may refuse to accept the view of the other and their mutual agreement will be necessary in order to submit a list to the House of Assembly. It is intended therefore that the House of Assembly shall have the authority only to accept or reject a list as a whole'. He also wrote that DOET did not want to proceed with listing separately the functions of MMs and AMMs (NAA: A452, 1970/4520).

Changes to the Papua and New Guinea Act

On 22 and 23 April, Territories requested the Cabinet Office to quickly push Barnes' submission (Document 173) through Cabinet so that procedures involving amendments to the Act could be completed by the opening of the new House of Assembly on 4 June.¹

On 30 April, Cabinet approved the recommendations contained in the submission.² On the first recommendation—that Government have authority to claim priority in the House for Administration business—Cabinet 'recognised that this amendment might be criticised as running counter to the progress of independence for the House but concluded that, in the circumstances, it was a necessary reserve power. It felt that the position would be assisted if the Administrator could make opportunities for local consultation to explain the purpose of the measure'.

Minor changes were made to the Act after Hay complained that its wording in parts negated drafting intentions and 'the practice in the last year or so [which] has been to concentrate on informal consultation [with the AEC] as provided in [the] new [section] 19–3'.³ He recorded his 'strong view that we should continue to operate predominantly under this section'.

Excerpts of the amended sections of the Act relating to the AEC and ministerial functions read:

PART IV.—THE EXECUTIVE GOVERNMENT ...

Division 2—The Administrator's Executive Council

19— (1) *There shall be a Council to be known as the Administrator's Executive Council of the Territory of Papua and New Guinea.*

(2) *The functions of the Council are to advise the Administrator*

(a) on any matter referred to the Council by the Administrator; or

(b) in accordance with an Ordinance, on any other matter.

(3) *Where he thinks it in the public interest to do so, the Administrator may introduce, or authorize the introduction, in the Council of any matter for discussion in the Council.*

20— (1) *Subject to this section, the Council shall consist of*

(a) the Administrator;

(b) three official members of the House of Assembly appointed by the Minister on the nomination of the Administrator; and

(c) the persons for the time being holding office as ministerial members.

(2) *The Minister may, on the nomination of the Administrator, appoint an additional member of the Council, being a person who is an elected member of the House of Assembly ...*

22— (1) *The Administrator shall preside at all meetings of the Council at which he is present.*

(2) *In the absence of the Administrator from a meeting of the Council, a member of the Council appointed by the Administrator to preside in such absences shall preside.*

1 Memorandum, DOET (Ballard) to Cabinet Office, 23 April 1969, NAA: A452, 1970/4520.

2 The recommendation in paragraph 9(b) was withdrawn by Barnes as it was to be considered later along with other amendments to the Territory Public Service (decision no. 157, NAA: A5868, 59).

3 Telex 4665, Hay to Warwick Smith, and telex B270/4089, Warwick Smith to Hay, 1 May 1969, NAA: A452, 1970/4520.

(3) *At a meeting of the Council, a quorum consists of the Administrator, or a member appointed in accordance with the last preceding sub-section, and three other members.*

(4) *The regulations may prescribe the procedure of the Council and, subject to the regulations, the procedure shall be as the Council determines ...*

- 23— (1) *A member of the Council other than the Administrator shall, before entering on his duties as a member of the Council, make and subscribe an oath or affirmation in accordance with the form in the Eighth Schedule to this Act ...*⁴

Division 3—Ministerial Offices

- 24— (1) *There shall be*

(a) *seven offices of ministerial member of the House of Assembly, of such respective designations as the Minister from time to time determines; and*

(b) *such number, being not more than ten, of offices of assistant ministerial member of the House of Assembly, and of such respective designations, as the Minister from time to time determines.*

(2) *In respect of each ministerial office, the Minister shall determine, from time to time, the matters in respect of which the holder of the office is to perform the functions of a ministerial member or assistant ministerial member, as the case requires, being all or any of the matters to which the functions of a specified department of the Public Service relate.*

- 25— (1) *The functions of a ministerial member or assistant ministerial member are, in relation to the matters determined in relation to his office under the last preceding section, and to the extent and in the manner provided by arrangements approved by the Minister and applicable to his office, to assist in the administration of the government of the Territory and, in particular—*

(a) *to take part in the formulation of policies and plans, and of proposals for expenditure, in relation to those matters and in the direction of the activities of the department of the Public Service dealing with those matters;*

(b) *to represent, or assist in representing, the Administration in the House of Assembly; and*

(c) *in the case of a ministerial member, to make recommendations to the Administrator's Executive Council in relation to those matters.*

(2) *Powers, functions or duties in relation to the government of the Territory shall not be conferred or imposed by Ordinance on the holder of a ministerial office in his capacity as the holder of such an office, but this sub-section does not operate so as to prevent the delegation to the holder of a ministerial office of powers or functions under an Ordinance.*

- 26— (1) *Subject to this section, the Minister may appoint an elected member of the House of Assembly to a ministerial office, and may terminate any such appointment.*

(2) *An elected member shall not be appointed to a ministerial office unless, since the last preceding general election, he has, in accordance with the regulations, been nominated by the House of Assembly, with the concurrence of the Administrator, for appointment to a ministerial office.*

(3) *Subject to the next succeeding section, the Minister shall not terminate an appointment of a person to a ministerial office unless the House of Assembly has, in accordance with the regulations, resolved that the appointment should be terminated ...*

(5) *If the Governor-General, after report to the Minister by the Administrator, is satisfied that the public interest requires that a person holding a ministerial office should cease to be*

4 The Eighth Schedule was an undertaking not to divulge confidential information obtained in the course of duties for the AEC. The Ninth Schedule applied this stricture to holders of ministerial office.

the holder of a ministerial office, the Governor-General may terminate the appointment of that person as the holder of a ministerial office.

27— *The Minister may, at any time, terminate the appointment of a person to a ministerial office and, at the same time, appoint that person to another ministerial office ...*

29— *(1) A person who is appointed to a ministerial office shall, before entering on the duties of office, make and subscribe an oath or affirmation in accordance with the form in the Ninth Schedule to this Act ...*

During a speech to parliament in which the changes were described in largely factual terms, Barnes said that they reflected the will of PNG's people and represented 'an important advance on the side of the executive government'.⁵ He also reiterated the Government's belief that

political development cannot be divorced from economic development ... Nor can the problems of achieving experience in administration and at both the political and Public Service level be overlooked. The acquisition of experience is not a process that lends itself to too much acceleration ... I emphasise the great importance which ... the Government attaches to securing an effective balance between political and economic development and to securing advance in both areas at a rate which will be tolerable in human terms—that is, tolerable to the people of the Territory who are called upon to make such adjustments.

In reply, Leader of the Opposition Gough Whitlam condemned the amendments as carrying 'gradualism to the point of imperceptibility'.⁶ He said that Barnes' view of independence as being 20 to 30 years away was an 'irrelevance'—and it was dangerous:

With greater humility and greater humanity more satisfactory progress might be made. The situation which is developing in Papua and New Guinea is one fraught with grave risks both for that country and our own. The Administration is paternalistic, insensitive to the feelings and attitudes of the indigenous people, complacent and self-satisfied. Among the New Guineans themselves, and in particular among the more educated groups, there is a growing awareness of the Administration's stance and a growing resentment of that stance ... It may be said at this stage that the resentment is centred in the coastal towns and cities. If one looks at the whole history of independence in every country which has gained independence since the war, one will find that the views which have been born and fostered in the coastal cities have taken possession of the whole country.

⁵ *Commonwealth parliamentary debates* (Reps), 2 May 1968, vol. 58, pp. 1055–60.

⁶ *ibid.*, 9 May 1968, vol. 59, pp. 1300–06.

176 LETTER, HAY TO WARWICK SMITH

Port Moresby, 24 April 1968

In my letter of 16th April about amendments to the Papua and New Guinea Act and suggestions for the role and duty of Ministerial Members and Assistant Ministerial Members,¹ I did not express a clear opinion on the question of financial delegations. Paper CWP/2,² part II(3), suggests that the role of the Ministerial Member would include:

‘...³ to exercise such delegations as may be authorised by the Administrator.’

and then the last stage of this working paper contains in the final paragraph the following:

‘Financial delegations—Ministerial Members should exercise financial delegation within the framework of the budget. Variation within allocations or for other purposes, of any extent, would still be required to be approved by Treasury. Considerations will also have to be given to any form of financial delegation to a Ministerial Member which now rests with a Departmental Head.’

I have now had a note, copy attached, from the Treasurer setting out his views on this question.⁴ It raises a number of aspects, all of which to my mind suggest caution on this question of financial delegation.

From the more general point of view expressed in my earlier letter, namely that it is preferable for the responsibility of Ministerial Members to be a collective rather than an individual one at this stage of development, I have also been led to the conclusion that there should be no financial delegation to Ministerial Members at the present stage.

Perhaps this point could be considered in more detail when Constitutional and related questions are discussed during my visit to Canberra on 6th and 7th May.

[NAA: A452, 1968/4245]

1 Document 171.

2 See loc. cit.

3 Ellipsis is in the original.

4 Newman had written that ‘a number of embarrassing features attach to the suggestion of Ministerial financial delegations’—‘bearing in mind’ an administrative order from the Minister limiting the Administrator’s financial delegation to \$100,000 and therefore the delegations given by the Administrator to various Territory officers. Inter alia, these awkward features included the wording of the Treasury Ordinance, which currently allowed only for delegations to the Administrator and Territory officers; the question of the level of delegations to MMs, which was ‘questionable’ given that it needed to be set below the Administrator and above departmental heads; and the possibility that legislation enacted might mirror that in Australia thereby giving MMs the authority to delegate—something that Newman felt should not occur ‘at this juncture’ (minute, Newman to Hay, 22 April 1968, NAA: A452, 1968/4245).

177 PAPER BY DOET

Canberra, undated

Notes on the House of Assembly Elections 1968

General

The people of Papua and New Guinea again went to the polls from 17th February to 16th March, 1968, to elect a new and enlarged House of Assembly.

The new House was enlarged following the report of the Select Committee on Constitutional Development appointed by the House of Assembly on 19th May, 1965. The changed composition is as follows:

	1964	1968
Open electorates	44	69
Special electorates	10	nil
Regional electorates	nil	15
Officials	<u>10</u>	<u>10</u>
	64	94

The number of people registered on the electoral rolls had increased by 15% to approximately 1,180,000 since the 1964 election.

In the event 484 people stood for the 84 seats available, an increase of 185 over the 299 who stood for the 54 seats in 1964, showing the growing awareness of the people of their civic responsibilities. 70% of these 484 people had some degree of education, the remainder having had no formal education.

The occupations and backgrounds of the candidates were many and varied, the bulk describing themselves as follows:—

110	Farmer
80	Local Government Councillor
65	Planter
46	Teacher
44	Public Servant
43	MHAs
23	Trader

How sitting members fared

Of the 54 non-official members of the House of Assembly, 8 did not stand again. Of the 46 who stood, 23 were successful and 23 were defeated.

9 former MHA's stood for *Regional* electorates but only 3 were successful, one of whom was Tei Abal who was elected unopposed.

37 former MHA's stood for *Open* electorates, 20 were successful.

Significantly, sitting members fared worst in coastal areas. In New Guinea Coastal electorates 8 of 11 candidates who stood again were defeated, 6 out of 8 in open electorates and 2 out of 3 in regional electorates.

In Papua coastal electorates 8 of 11 who stood again were defeated, 7 out of 10 in open electorates and 1 in a regional electorate. The only counter-trend was in the Milne Bay district where John Guise and Lepani Watson were returned although John Stuntz was defeated by Cecil Abel of the Pangu Pati in the regional election.

In Island electorates 5 of 7 members who stood again were successful, 4 in open electorates and 1 in a regional electorate.

In Highlands electorates 12 out of 17 were successful, 11 out of 14 in open electorates and 1 out of 3 in regional electorates.

The trend AGAINST SITTING MEMBERS IN THE COASTAL AREAS is seen in the performance of parliamentary under-secretaries. The 4 under-secretaries defeated of the 9 who stood were all standing in coastal electorates. Lepani Watson was the only under-secretary standing in a coastal electorate to be returned.

Those defeated were Zure Zurecnuoc, Dirona Abe, Robert Tabua and Edric Eupu. Those successful were Matthias To Liman, Sinake Giregire, Lepani Watson, Paul Lapun and Tei Abal.

The other 18 former MHA's returned are John Guise, Percy Chatterton, Yauwi Wauwi Moses, Siwi Kurondo, Momei Pangial, Koitaga Mano, Poio Iuri, Kaibelt Diria, Leme Iangalyo,¹ Paliau Maloat, A.C. Voutas,² R.T.D. Neville, Bono Azanifa,³ O.I. (Roy) Ashton, Koriam Urekit,⁴ Pita Lus, James Meanggarum and Muriso Warebu.⁵

[*matter omitted*]⁶

Who are the new members?

Following the elections there will be 61 new elected members in the House of Assembly, 8 from Island electorates, 18 from Highlands electorates, 21 from New Guinea coastal electorates and 14 from Papuan coastal electorates.

This compares with the balance of seats:

	N.G. Coastal	Highlands	Islands	Pap. Coastal
Total Seats	24	30	13	17
New Faces	21	18	8	14

It would seem that the bulk of new faces in the new House of Assembly will be members from Coastal districts. This was where the Pangu Pati was most successful.

1 Wapenamanda open electorate.

2 Voutas had changed from an open to a regional electorate (Morobe).

3 Henganofi open electorate.

4 Kandrian-Pomio open electorate.

5 Okapa open electorate.

6 Matter omitted includes a list of other MHA's defeated: Don Barrett, Barry Holloway, G.E. Karava, Wegra Kenu, Tambu Melo, Stoi Umut, John Stuntz, J.K. McCarthy, Keith Levy (Hagen open electorate), Paul Manlel (West New Britain open), F. Martin (Madang-Sepik special electorate), Makain Mo (Lumi open), H.L.R. Niall, Singin Pasom (Lae open), G. Pople (Gumine open), Eriko Rarupu (Moresby open), P. Tamindei (Maprik open), Keith Tetley (Gulf open), and Handabe Tiaba (Tari open).

A list of new Members is given on Page 3 of the Papua and New Guinea Newsletter Vol. 2 No. 8 dated 18th April, 1968.⁷ The only result not given was for Goilala Open where L.S. Mona was successful.

How Pangu fared?

It is not certain exactly how many Pangu Pati candidates have been elected. The most quoted figure is 12. Albert Maori Kiki claimed in a recent interview to have 13 supporters with expected support from 7 others. Our best figures are 11 known supporters and 6 or 7 possible supporters.

DEALING WITH THE 11 KNOWN SUPPORTERS. 8 hold open electorates and 3 are from regional electorates. 7 are from Coastal electorates. 2 are from the Highlands and 2 are from Island electorates.

PANGU SUPPORTERS DEFEATED. Aside from the 11 successful known Pangu supporters, a further 9 known Pangu Pati supporters were defeated. These included former M.H.A.'s Barry Holloway and Wegra Kenu, the Party's general Secretary Albert Maori Kiki, and Epel Tito.

Two prominent members defeated in the New Britain district were Vin Tobaining and Thomas Tobunbun.⁸

Vin Tobaining was defeated by Oscar Tammur⁹ who attracted attention in the electorate by demonstrating in the Raniola land dispute.¹⁰

Thomas Tobunbun who played down his Pangu associations during the election was defeated by Epineri Titimur,¹¹ a candidate who has made some remarks calling for the repatriation of all expatriates.¹²

7 Not printed.

8 Tobunbun was a founding member of Pangu and President of the Rabaul Workers' Association.

9 Kokopo open electorate.

10 The Administration later reported to Canberra that Tammur 'made statements prior to his election that his land policy was to control and take over overseas business and land and transfer them to his own people. He directed the unlawful occupation of Raniola Plantation from which he and his people were finally ejected [see footnote 10, Document 148]. He made statements that he was not in favour of Council taxation and that he would have provisions for it withdrawn if elected. In this matter he has sought an exemption from Council taxation but this was refused. On employment matters he seeks that preferential treatment be given by local enterprise to his own Tolai people. He has also enquired into the reasons for the small number of Tolais attending Vudal Agricultural College. Since the election he has admitted at village meetings that some of his statements were of an extreme nature and that he realised now that they were not wholly practicable. It is understood that this moderation of his statements has caused some dissatisfaction amongst the electors with a resulting loss of support. Mr Tammur stood as an independent candidate and to date professes disinterest in the Pangu Party and is not known to have any contacts with other parties. All Members have been receiving invitations from the Pangu Party for a special conference at Port Moresby and no doubt these pressures will continue to be used on all independent Members. Currently Tammur is appointing a representative in each village who is to sponsor his view. Oscar Tammur received strong support from members of the Roman Catholic Mission' (attachment to memorandum, Administration (Hay) to DOET, 7 June 1968, NAA: A452, 1968/1999). When interviewed in the 1970s, Hay said the Raniola incident was Tammur's 'first brush with the Administration ... it made quite a deep impression on him. He always said afterwards that the police were armed—well of course the police were armed, all police were armed in Papua – New Guinea, but they didn't use their arms on him. On the other hand, it was a case in which ... the Administration had a backing of force for the unpleasant task of removing squatters who were illegally trespassing on a plantation' (NLA: TRC 121/65, 3:2/27)

11 Rabaul open electorate.

12 The Administration reported that Titimur's 'policy has changed considerably from that which he expressed in the 1964 elections. It is reliably reported that during the 1964 election campaign he expressed strong views for the taking over of alienated land from the Ex-Patriates and early independence. Mr. Titimur's views have

Oala Oala Rarua who won the Central Regional Electorate was a former Pangu member expelled from the party in 1967 because of his emphasis on early self-government in a speech at Sydney University.

The key point about Pangu's performance is that in at least two seats, Pangu supporters were defeated by candidates with more extreme views.

Pangu does seem likely to vote as a bloc in the House and to rely on its young men, Anthony Voutas (25), Michael Somare (31),¹³ and Ebia Olewale (27).¹⁴ The other prominent Pangu men elected are Paul Lapun, Siwi Kurondo, Pita Lus, James Meanggarum, Paliau Maloat, M. Kakun¹⁵ and Kaibelt Diria.

The Co-Chairman of the Party, Cecil Abel, won the Milne Bay Regional seat.

Other parties

The only other party to achieve any success was the All Peoples' Party which had 2 candidates, Dennis Buchanan¹⁶ and James McKinnon¹⁷ elected in the Highlands. The platform of this Party is opposed to home rule.

Other parties that emerged and appear to have been less successful or even completely unsuccessful are—

- the National Progress Party
- the Territory Country Party
- the New Guinea Agricultural Reform Party
- the United Democratic Party.

Sitting of the new House

The new House of Assembly will sit in the first week in June, probably on June 4. Ministerial Members are unlikely to be elected for 3 to 6 months after that. The first procedure is to elect a Nomination Centre¹⁸ for the House of Assembly and these¹⁹ to have procedures agreed to by the Minister.

[NAA: A452, 1968/1922]

ostensibly changed since then as he professes to believe in the need for continued Ex-Patriate investment in the Territory, jointly with indigenes, and that a secure climate for investments should be encouraged. He also believes that independence should not be unnecessarily postponed, though is unwilling to indicate how soon it should come. He recognises the need of retaining Ex-Patriate public servants after independence. He is not known to have any affiliation with any political Party and in fact is not aware of the meaning or activities of a party ... Like other candidates he has received invitations from the Pangu Party but is unlikely to commit himself for some time to come. Rabaul open elections made quite clear that the people do not wish their Member to belong to a Party, nor do they wish him to accept a ministerial or assistant ministerial position as such appointees lose contact with the people. Mr. Titimur has never been known for lucid proposals and arguments and is considered by a large number of Councillors and the educated elite to be mentally deficient. He is a charismatic speaker and this has brought its support from the politically restless but uneducated rural people' (loc. cit.).

13 East Sepik regional electorate.

14 South Fly open electorate.

15 Munya open electorate.

16 Eastern Highlands regional electorate.

17 Middle Ramu open electorate.

18 Apparently, this should read 'Committee'.

19 Presumably, this should read 'then'.

178 MINUTE, BALLARD TO WARWICK SMITH

Canberra, 3 May 1968

Ministerial Members

At our discussion yesterday concerning Hay's visit¹ we took the view that time would be limited to such an extent that it would be impossible for you to discuss anything apart from the item relating to the role of Assistant Administrators and our differences concerning whether members of the Nominations Committee could also be nominated for Ministerial office.

[*matter omitted*]

3. I am ... concerned at a difference in emphasis which comes through the Administrator's letter presenting a redraft of our proposals² and it seems to me that it is necessary for you and the Administrator to reach some agreement on the broad approach if we are going to be able to progress in working out the details. The Administrator has in fact a much more restricted view of the functions that Ministerial Members should perform than at least I have.

4. As I understand it he tells us that our papers were discussed in the I.D.C.C. and the revised version that has been sent down implies a substantial clipping of the powers of Ministerial Members and to a lesser extent to the Administrator's Executive Council itself.

5. To quote a few examples—

In our paper it was proposed that he would *assume* certain functions that now devolve on a departmental head and be responsible for the Department's operational activities and make decisions appropriate to these activities.

In the Administrator's redraft this becomes to *assist* his departmental head on the basis of mutual cooperation.

Our proposal that the decisions of a Ministerial Member would follow consideration by him of papers and recommendations submitted by the Department is altogether omitted from the Administrator's redraft.

In his covering letter the Administrator stressed the role of the I.D.C.C. as a body which will examine proposals before they go to the Administrator's Executive Council. This is a complete change from his previous thinking which was that the I.D.C.C should gradually be phased out.

In the covering paper it is stated 'that the appropriate way to regulate the movement towards self-government is by giving Ministerial Members and Assistant Ministerial Members *communal* rather than individual authority.' This does not in my view accord with the recommendations of the Select Committee which had been approved by Cabinet. The only way this could be achieved would be by instructions being given under Section 25 of the Act³ which had the substantial effect of nullifying the section which is drafted to ensure that specific functions are given to Ministerial Members.

¹ Hay was shortly due to visit Canberra.

² Document 171—a response to Document 168.

³ See editorial note 'Changes to the Papua and New Guinea Act'.

6. It is our view that the Administration approach is likely to result in the same sort of farce as the Under-Secretary system. Broadly I feel that we will only hold the Ministerial Member system for any length of time if the Ministerial Members are given individual as well as communal authority. If when the authority is given to them they did not exercise it we lose nothing. If the expectations which these changes have engendered in peoples minds are frustrated by the Administration we can confidently expect that political forces which could be harnessed to the Ministerial Member system will go into opposition.

7. Certainly there will be dislocations in the existing arrangements if the Ministerial Member system is operated as we envisage it. Certainly departmental heads who have Ministerial Members will lose in status. Quite apart from our obligations to implement the policies that have been approved if we permit the Administration to frustrate Ministerial Members the inevitable result will be that the members themselves will press for greater changes amounting to full self-government.

8. The Bill has been drafted to leave the Minister with the final decision on the functions of Ministerial Members and the wisdom of this drafting is becoming apparent.

9. I hope you can take the opportunity of having a discussion with the Administrator on the broad principles. I have been wondering whether the Administrator did himself redraft these papers. If he did he has changed his position.

[NAA: A452, 1970/4521]

179 LETTER, WARWICK SMITH TO HAY

Canberra, 10 May 1968

Following the discussions in Canberra on the 6th and 7th May¹ I now attach a check list of conclusions reached and points for further action.

[*matter omitted*]

Whilst I have assumed that the points as expressed in the attachment are a reasonable record I do of course expect that you will advise if there are any points on which your understanding is significantly at variance.

Attachment 1

[*matter omitted*]

Ministerial Members system

(I) ROLE OF ASSISTANT ADMINISTRATORS

1. Public Service Commissioner to examine need to amend 'Administrative Arrangements' Ordinance since it appears that Assistant Administrators would in future—

- act as assistants to the Administrator with no (departmental) administrative functions in their own right;

1 The file relating to the visit (1968/2705) appears to have been destroyed by DOET (see NAA: A1250, box 12).

- discharge responsibilities assigned to them by the Administrator. In form they would not have authority but in practice they would of course carry out what tasks the Administrator assigned to them.

(II) NOMINATIONS COMMITTEE

1. Department to produce regulations but would not specify that a member of the Nominations Committee could not be nominated for Ministerial office. Further regulations could be made if necessary.

(III) MINISTERIAL MEMBERS

Principles in Departmental paper C.W.P.1 (attachment 1) adopted.²

Department to reword last two points of composite C.W.P.2 paper (attachment 2) so as not to distinguish with regard to the sharing of authority with the Departmental Head with regard to the making of policy decisions and administrative decisions.³ There would be no reference to the I.D.C.C. in C.W.P.2.

[*matter omitted*]

Attachment 2

COMPOSITE C.W.P./2

Role of Ministerial Member

(I) IN RELATION TO THE HOUSE OF ASSEMBLY

Represent his Department in the House by answering questions;

- Introduce legislation concerning his Department's functions and take the responsibility for guiding the legislation through all proceedings in the House;
- Give his Department's views on resolutions and motions affecting it;
- Defend the administration of his Department;
- Support (or at least not publicly criticise) policies and actions of the Administration;

(II) IN RELATION TO THE ADMINISTRATOR'S EXECUTIVE COUNCIL

- With the agreement of the Administrator initiate legislative proposals for submission to the Administrator's Executive Council;
- Take part in the discussion of policy questions in which the Council is consulted by the Administrator;
- Represent the interests of his department in discussions on the draft Estimates in the Council, and on other matters affecting his department which come before the Council;

2 Attachment 1 is identical, bar a small number of insubstantial changes, to CWP/1 of attachment to Document 168.

3 Reference to a sharing of authority had been made in the Administration's version of CWP/2 (see section (II)(a)(iii) of CWP/2 in attachment to Document 171).

- With the approval of the Administrator introduce matters for discussion in the Council;
- Carry out decisions made by the Council.

(III) IN RELATION TO DEPARTMENTAL FUNCTIONS AND OPERATIONS

- Assume the functions determined by the Minister in relation to his office;
- Take part in the formulation of policies and plans, and of proposals for expenditure in relation to the functions as determined for his office;
- Exercise such delegations as may be authorised by the Administrator;
- Make decisions appropriate to the functions determined for his office following consideration by him of papers and recommendations submitted to him by his department and record such decisions in writing on the papers;
- To co-operate with, and seek the advice of, the departmental head on matters related to the exercise of his functions.

[NAA: A452, 1970/4521]

180 LETTER, HAY TO WARWICK SMITH

Canberra, 11 May 1968

Further to my letter LH.1010 of 16th April¹ and following discussions in Canberra earlier this week,² I wish to make the following recommendations in respect to outstanding constitutional matters.

Organisation of departmental responsibility in the House of Assembly

On consideration I recommend that the following Departments be represented by Official Members:

Treasury

Law

Department of District Administration

Lands

I have given serious consideration to the inclusion of Agriculture in the departments to be represented by Official Members. But the balance of opinion amongst myself and the Assistant {Administrators} is definitely in favour of allocating it to a Ministerial Member.

I recommend that the following Departments be the responsibility of Ministerial Members:

Agriculture

Education

¹ Document 171.

² See Document 179.

Health
Labour
Posts and Telegraphs
Trade and Industry
Public Works

Responsibility for legislation and policy statements in relation to the Departments of the Administrator, Information and Extension Services, Forests, the Police and the Public Service Commission would be taken by the Assistant Administrators or one of the Senior Official Members.

I recommend that the following functions be allocated to Assistant Ministerial Members. After each function I add in brackets the Official or Ministerial Member who would accept major policy responsibility in the House of Assembly.

Forests (Assistant Administrator or Official Member)
Lands (Director, Lands—Official Member)
Local Government (Director, District Administration—Official Member)
Information & Extension Services (Assistant Administrator or Official Member)
Police and Armed Services (Assistant Administrator or Official Member)
Rural Development (Ministerial Member for Agriculture)
Technical Education and Training (Ministerial Member for Education)
Treasury (Treasurer—Official Member)

Provision has been made for functions of only eight Assistant Ministerial Members. Two vacancies are left for Assistant Ministerial Members who might later be appointed. It will also be observed that some responsibilities of Assistant Ministerial Members cover only part of the responsibilities of a Department. This agrees with earlier discussions and with the amendments to the Papua and New Guinea Act.

There are three suggestions which need further comment:

Police and Armed Services. I have previously mentioned the possibility that in some informal way there should be representation of the Armed Services in the House of Assembly. This has considerable symbolic advantages in demonstrating the answerability of the Armed Services to a civilian authority. To avoid any possibility of constitutional difficulty it may be preferable to phrase the title of the Assistant Ministerial Member as 'Assistant Ministerial Member for Police, who will also answer questions in the House on matters relating to Armed Services.'

Rural Development. This responsibility would cover a number of matters dealt with predominantly by the Agricultural Department. It would not be related solely to land settlement but would include generally the development of agriculture at village level, including nucleus estates, resettlement and village concentrations.

Technical Education and Training. It is felt that the allocation of this aspect of the Department's functions to a separate Assistant Ministerial Member will point up its importance in the community.

Nomination of Official Members

As you know, my approach has been that Ministerial Members should take as much responsibility as possible for major Departments, and also that Departmental Heads should as far as possible concentrate on the running of their Departments. I also believe that no Ministerial Member should have his Departmental Head in the House also unless it is quite unavoidable. Given the need to have Treasury, Law, D.D.A. and Lands directly represented, I have sought four other Official Members who would be used for the most part for liaison duties with Members of the House. But I have also looked for a capacity to support the government in debate and in the general conduct of government business.³

On the basis of these considerations I now nominate the following to be Official Members of the House of Assembly:

Mr. F.C. Henderson, O.B.E.	Leader of the Government in the House.
Mr. L.W. Johnson	Assistant Administrator (Services)
Mr. T.W. Ellis, M.B.E., D.F.C.	Director, Department of District Administration
Mr. W.W. Watkins	Secretary for Law
Mr. A.F. Newman	Treasurer
Mr. D.S. Grove	Secretary for Lands
Mr. H.P. Seale	District Commissioner, Morobe
Mr. R.T. Galloway	District Commissioner, Central
Mr. S.M. Foley	District Commissioner, Chimbu
Mr. G.C. Littler	District Inspector, Department of District Administration

The three District Commissioners in the above list are well qualified and have experience and contacts which will enable them to be used as effective liaison officers.

The choice of Mr. Littler, an Inspector at Head Office of D.D.A., as the fourth Official Member, arises from the need to have a more effective liaison with Members of the House in between meetings. Mr. Littler's duties will require him to travel frequently and he will therefore be able to contact Members in remote areas such as the Sepik and the Islands, which it is now difficult to do. Mr. Littler is of Deputy District Commissioner rank and has had service in the Highlands and Sepik Districts and in Papua. It is considered that changes in the four 'non-departmental' Official Members may be necessary from time to time and I would make this clear publicly in due course.

Administrator's Executive Council

I nominate as Official Members:

Mr. F.C. Henderson, O.B.E.	Assistant Administrator (Economic Affairs)
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³ During consideration of the role of official members, Hay was approached by Scragg, who said that while he did 'not contest the general approach that Departmental Heads should not be Official Members where Ministerial Members are appointed to their Departments', he felt that 'certain of the existing Official Members have, in their personal capacities, an essential contribution to make'. Hay wrote that 'In my opinion the disadvantages of retaining Departmental Heads as Official Members in cases where the Ministerial Members are appointed to their Departments outweigh the advantage of having them continue in the House in their personal capacities' (letter, Hay to Warwick Smith, 11 May 1968, NAA: A452, 1968/3174). Territories and Barnes supported this position (submission, Ballard to Barnes, 21 May 1968, *ibid.*).

Mr. L.W. Johnson

Assistant Administrator (Services)

Mr. T.W. Ellis, M.B.E., D.F.C.

Director, Department of District Administration.

As you know, I have previously pointed to the need for the Treasurer to be included as a normal matter in the Administrator's Council. However, the services of the Treasurer are available to the Council at any time.

I see advantage in announcing the Minister's decisions on all these matters, except the allocation of responsibilities to Assistant Ministerial Members, as soon as possible, and certainly before the House sits. I make the exception in the case of Assistant Ministerial Members because there may be some need to make adjustments for the personalities eventually chosen. But I ask for advance notice of any announcement.⁴

[NAA: A452, 1970/4521]

181 TELEX, WARWICK SMITH TO HAY

Canberra, 16 May 1968

B270/4323. UNCLASSIFIED PRIORITY

Reference your memorandum LH1078 of the 11th May.¹

1. I agree with your recommendations concerning the Administrator's Executive Council. My comments on the other recommendations are:

Ministerial Members

2. I have no comment on the proposal that Education, Health, Labour, Posts and Telegraphs and Public Works should be represented by Ministerial Members. I wish to inform the Minister however on your views on the extent to which the departments of Agriculture, Stock and Fisheries and Trade and Industry can be adequately represented by Ministerial Members.

⁴ On 15 May, Warwick Smith asked Hay for information on how the 10 official members would share representation of departments not covered by Ministerial Members. This was necessary for Barnes to make a decision on 'whether there is scope for 4 D.D.A. representatives'. Warwick Smith also questioned the wisdom of giving an AMM partial responsibility for the police and armed services, asserting that 'there seems to be a substantial distinction between discussing defence matters in the Administrator's Executive Council and involving an Assistant Ministerial Member in matters in the House' (telex B270/4293, Warwick Smith to Hay, 15 May 1968, NAA: A452, 1970/4521). In his reply, Hay specified the representational responsibilities of official members in non-ministerial areas as follows: the Assistant Administrator (Services) to have the departments of Information and Extension Services and the Public Service Commission; the Assistant Administrator (Economic Affairs) to have the Administrator's Department and Forests; and the Secretary for Law to have Police. Hay also wrote that the DDA official members 'should not ... be regarded as DDA representatives ... they are additions to the Administration team who will have the specific duties stated in my letter'. Hay remarked that he had discussed the matter with Barnes and would request further talks with him if he objected. As to giving an AMM a degree of responsibility on police and armed forces issues, Hay 'remain[ed] of the opinion that it would be appropriate and desirable', but indicated that he could accept Warwick Smith's alternative of corrective institutions—'although there would be much less for the Assistant Ministerial Member to do' (telex 4949, Hay to Warwick Smith, 16 May 1968, *ibid.*).

¹ Document 180.

3. I appreciate that if these were not to become functions of Ministerial Members it would be necessary to find other functions to make up the total. Possibilities might be forests and either local government or corrective institutions.

Official Members

4. As you know I have had some misgivings as to the number of members of the Department of the District Administration apart from the Director that you propose should be appointed. This will have to be determined in the light of the adequacy of official representation of the other functions and a departmental message has already sought further details of this.² I also note Mr Littler's relative lack of senior status.

Assistant Ministerial Members

5. I have looked again at the position in relation to the appointment of an Assistant Ministerial Member for the police and armed services. I do not see that there is any prospect of this being accepted as it relates to the armed services, and I cannot agree it is compatible with policy in relation to the police. The answer to any criticism could be that the police are part of the Department of the Administrator. It will clearly be necessary for an Official Member to represent the Department of the Administrator including the police explicitly. And I would be glad to know whom you would propose.

6. Your LH965 (undated)³ apparently did not come through my office and I have seen it only today.

7. Appreciate comment today if at all possible so that can finalize this week.

[NAA: A452, 1970/4521]

182 TELEX, HAY TO WARWICK SMITH

Port Moresby, 16 May 1968

4995. PRIORITY IMMEDIATE

Your 4323 constitutional matters.¹ This teleprinter confirms the points made in our telephone conversation this morning as follows—

(1) Ministerial Members. We included agriculture and trade in our list of seven after very careful consideration of, amongst other things, the expectations of the House to have representation in two important economic departments. The fact that lands is not included may be unpalatable to Members but we have a good justification of it. This opinion is formed against the background in which departmental heads will have virtually equal responsibility for policy matters and will be available to² advice and guidance. We feel that if these two departments were not included then there would be a strong

² See footnote 2, loc. cit.

³ Undated marginalia, apparently by Kirkpatrick, notes that this memorandum 'suggested "interest" by A.M.M. in Police and Army matters'.

¹ Document 181.

² Presumably, this should read 'for'.

feeling that the Government was not serious in its intentions to pass more responsibility to elected Members. We appreciate that whatever arrangement is agreed upon there will be some risk. However the balance in our opinion is firmly in favour of including these two departments.

(2) Official Members. Given that departmental heads who do not have ministerial responsibilities should not be in the House (which I feel strongly is the correct approach) we have a problem of finding four additional Members to make up a total of ten. There is no doubt in my mind as to the wisdom of appointing three who have experience in important areas of the Territory and whose lines of communication to elected Members will be effective. This is an important consideration being³ in mind that the number of elected Members has increased and that therefore the ...⁴ job of explaining legislation to them is going to require more attention by experienced persons than has been possible in the past. The fourth Official Member has been requested by the leader of the House specifically for the purpose of making it easier for him to consult with Members both during and in between meetings. I accept this completely and point out that the appointment of a District Inspector will enable him to move about the Territory in the course of normal business without arousing too much notice. It is appreciated that there will be some departmental heads and others who feel they have claims on personal grounds to be Official Members of the House but it would be possible perhaps to ease this situation by making it clear that the last four Official Members are liable to change at the convenience of the Minister.

(3) Assistant Ministerial Members. As explained on the telephone we did not continue to press for an Assistant Ministerial Member for police and are content to substitute an Assistant Ministerial Member for cooperatives.⁵

[NAA: A452, 1970/4521]

3 This should probably read 'bearing'.

4 Textual corruption—probably of the word 'mere'.

5 Later on the same day, Warwick Smith telexed Hay that Barnes had 'approved in principle your recommendations' as contained in Documents 180 and 182, with the proviso that an AMM would be appointed for cooperatives and not for the police. Barnes also 'particularly asked that when the appointments are published you emphasise to the last four Official Members in your list that their appointment is an experiment and is liable to be terminated at his convenience if he considers this appropriate' (telex B270/4352, Warwick Smith to Hay, 16 May 1968, NAA: A452, 1970/4521). Barnes gave formal approval on 21 May (submission, Ballard to Barnes, 21 May 1968, *ibid.*).

183 LETTER, WARWICK SMITH TO BLAND¹

Canberra, 17 May 1968

At the meeting between the Ministers for Defence, Army and Territories which was held in Mr. Fairhall's office on 18th October, 1967,² Mr. Barnes mentioned the need to bring about a relationship between the Army and the developing civil government of the Territory and it was agreed that this Department should take up with Army and Defence the procedures that should be followed under the new constitutional system.

The Papua and New Guinea Act has been amended to provide for seven elected members of the House to be appointed as Ministerial Members. These members will also be members of the Administrator's Executive Council which will have an increased role in advising and assisting the Administrator over the whole range of Territory business.

This represents a further step in the process begun some time ago of developing consultation between the Administrator, acting on behalf of the Australian Government, and the elected members of the House of Assembly, thus enabling them to have a greater influence in Territory government. Decisions on matters of policy and on major administrative issues will continue to rest with the Administrator under the Minister.

I have discussed with the Administrator how defence matters would fit into the new system. We suggest that, without prejudice to any decision regarding security information that should be withheld, the Administrator's Executive Council might be consulted on plans and activities of the Services, including such matters as proposals to set up new defence establishments, the needs of the Forces, civic action programmes, etc. Papers on appropriate subjects could perhaps be presented to the Council by the Administrator and it is contemplated that the Force Commander or other appropriate officer could attend to participate in the discussion.

In our view such an approach would help to develop an appreciation of problems affecting both the Services and the civil administration and an understanding of the Services' role in the community, as well as avoiding possible feeling on the part of members of the Administrator's Executive Council that the Council was not in fact being treated by the Government 'as the principal instrument of policy in the Territory under the Administrator'.

In addition, the Force Commander might be asked to attend a meeting of the Administrator's Executive Council each year when departmental estimates are being discussed. This would enable him to present to the Council the Government's plans and programmes for the Command in the ensuing year. It might be useful if this procedure were to commence in June or July of this year.

I should be grateful to have your reactions to these suggestions.

[NAA: A452, 1966/4989]

1 In 1968, Bland was Secretary, Department of Defence.

2 See Document 145.

184 TELEX, WARWICK SMITH TO HAY

Canberra, 20 May 1968

4384. PERSONAL

1. Assume you have been giving some thought to action which more active or politically minded Members of the House might institute when the House meets. Glad if you would let the Department have any comments on this generally as soon as possible. Hope we can discuss with Minister on 3rd June.

2. One specific matter might be a move to reconstitute immediately the Select Committee on the Constitution. In the event it does not seem practicable for the Official Members to oppose the setting up of such a committee straight out but there seems to be good arguments for delay such as—

(1) There should be some opportunity for Members of the House and for people at large to see the new system in operation for a time before changes are proposed in it

(2) The new Members of the House need to have at least some experience of the operation of the House itself

(3) It may be that the immediate requirement is a review of standing orders

3. Assuming no immediate action, and it would be difficult to envisage the Select Committee making another comprehensive tour of the Territory so soon before the new system has had a reasonable period of operation, and looking further ahead the first steps might be to look at some aspects of the legislature e.g.

(a) The size of the electorates (there is really a great discrepancy according to the debate in the House of Representatives)¹

(b) Whether first-past-the-post optional preferences or compulsory preference is the best system of voting for the Territory circumstances

Perhaps we ought also to consider whether we would like to see examined—without necessarily raising it ourselves—the desirability of an upper house small in size (and therefore cost) with delaying powers only and with no power to initiate or block financial legislation. Part of the purpose of such a house would be to reflect the traditional disposition of the people of the Territory to settle their problems by consensus rather than by vote also to provide a check on the volatile and at times erratic House of Assembly. By small I mean a House consisting of 25 or 30 Members including 2 or 3 Official Members. With regard to composition there is an argument in favour of indirect election such as by a conference of representatives of Local Government Councils though one suggestion in this context would be that the upper house might include the present regional representation.

[NAA: A452, 1968/932]

¹ During debate on the Papua and New Guinea Bill 1968, Beazley argued that Australia must 'move towards equal electorates' in PNG. He was supported by F.E. Stewart (Labor Member for Lang), who listed discrepancies in numbers of voters in electorates, both regional (Bougainville, 21,844; Western Highlands, 110,878; Madang, 45,570) and open (Moresby, 4,451; South Bougainville, 11,864 and Rabaul, 7,633). Barnes replied, *inter alia*, that the current system was a product of a special recommendation of the Select Committee. 'We did not fix the numbers', he said, 'the people selected this scheme'—and any subsequent Select Committee had the right to make 'other suggestions' (*Commonwealth parliamentary debates* (Reps), vol. 59, 9 May 1968, pp. 1313, 1325, 1340).

185 SUBMISSION, BALLARD TO BARNES

Canberra, 21 May 1968

Papua and New Guinea—determination of functions for ministerial officers

The Act which was recently passed by Parliament requires the Minister to approve arrangements for the functions of Ministerial Members and Assistant Ministerial Members. Attached to this submission is a proposed statement of arrangements,¹ prepared after discussions between the Administrator and the Secretary, which is now submitted for approval under section 25 of the Papua and New Guinea Act.²

2. It is proposed that this statement be given to members of the House of Assembly at the preliminary discussion meeting which is planned to commence on the 28th May so that the members have a reasonable opportunity of considering whether they wish to accept nomination for Ministerial office before the House of Assembly meets formally. The opportunity would also occur at that meeting for the Administrator to give an exposition of how the system will work.

3. Under the present Administrative Arrangements Ordinance the two Assistant Administrators are responsible for certain departments of the Public Service. It would not be appropriate for Ministerial Members to be responsible to Assistant Administrators. As part of these arrangements it is proposed that Assistant Administrators shall give advice and assistance to the Administrator and perform such duties as he requires without undertaking specific Departmental functions. It will be necessary for you to approve any legislative changes as to how this is to operate before the House of Assembly opens.

Recommendation

4. I recommend—

- (a) that for the purposes of section 25 of the Papua and New Guinea Act the functions of Ministerial Members and Assistant Ministerial Members shall be in accordance with the arrangements contained in the attachment;
- (b) that the outline in the attachment (with such verbal modifications not affecting the substance as the Administrator and I agree should be made) should be given to the members of the House of Assembly on the 28th May at the commencement of the preliminary meeting of members; and
- (c) that recommendations for any legislative changes that may be necessary relating to how the Ministerial Member system will operate be put before you before the House of Assembly meets.³

[NAA: A452, 1970/4521]

1 The attachment is (as described in Document 192) identical in substance to Document 193.

2 See editorial note 'Changes to the Papua and New Guinea Act'.

3 Barnes approved the submission on 21 May.

186 LETTER, SPRY TO WARWICK SMITH

Melbourne, 23 May 1968

SECRET

I enclose the report prepared by my Deputy, Mr. P. Barbour, as the result of his recent visit to Port Moresby.

When the Administrator spoke with me earlier this year he seemed to be concerned with two principal considerations: that the security and intelligence functions be exercised efficiently but discreetly in the delicate period which lies ahead in the Territory; and that the Administration should aim to provide a security and intelligence organization which would not be capable of conversion into a type of 'secret police' when self-government is achieved in the Territory.¹

After careful consideration of the factors and examination of Mr. Barbour's report I am confirmed in my belief that the Special Branch should continue as the security intelligence authority. I endorse Mr. Barbour's recommendations that the Administration should concentrate upon the careful selection of a small number of suitable experienced officers to staff the nucleus of the Special Branch and upon the training of selected indigenous police officers as a long-term programme.

I would urge most strongly that the Administration should regard the Special Branch as a regular member of its team, serving the requirements of the Administrator, and that a way be found to appoint selected civilian officers of the Administration to vacancies in the Special Branch as an interim measure pending the training of indigenous personnel.

I would regard the selection of a suitable head of the Special Branch as of primary importance. He must have the confidence of the Administrator and the co-operation of the Administration. I endorse Mr. Barbour's view that he should preferably be selected from the staff of the Administration with his deputies providing the professional expertise. Although remaining under the general administrative control of the Commissioner of Police, I would see no difficulty in separating the Special Branch entirely from the C.I.D.² and making its head directly responsible to 'Government' for all matters of security and intelligence. Apart from his having direct access to the Administrator, it is important that the Administrator should have the machinery for the collective assessment of the mass of intelligence reports which go into the headquarters of the Administration. Without it reports tend to 'disappear' into the central secretariat after being individually read by individual officers and much of their value is lost.

I trust you will find this report useful. I am sending a copy to the Administrator also.

1 In a letter of 14 March to Warwick Smith, Hay explained the background to Barbour's visit as follows: 'Police Commissioner [Cole] has been concerned about staffing difficulties and has suggested that the Special Branch might be better placed elsewhere in the Administration. Second, I have independently formed the opinion that a civilian-type intelligence organization, under the control of the Administration, might better suit this Territory than a Special Branch'. Hay had urged that Barnes approve a visit by ASIO to 'review the organization and functions of Special Branch since its establishment and recommend any changes that may be considered necessary' (NAA: A452, 1968/3943). Concerns about the Territory's intelligence structures and operations had been evident in Territories and the Administration since early 1967 (see NAA: A452, 1969/2032).

2 Criminal Investigation Department.

Attachment

ORGANIZATION OF THE SPECIAL BRANCH OF THE ROYAL PAPUA AND NEW GUINEA CONSTABULARY

1. A review of the organization of security and intelligence in the Territory was generated by a proposal for re-organization submitted by the Head of the Special Branch³ in January 1968. At the same time the Administrator felt the need for clarification of the Special Branch charter and for consideration of the form of organization best suited to bequeath to a self-governing Territory. Arising out of discussions between the Administrator and yourself it was agreed that I should visit Port Moresby and submit a report.

2. I visited the Territory from 21st to 28th April, 1968, and had discussions with the following persons:

His Honour the Administrator (Mr. D.O. Hay);

Mr. D.M. Fenbury, Secretary, D.A.;⁴

Mr. G. Toogood, Assistant Secretary, D.A.;

Mr. B. Hayes, Executive Officer, T.I.C.;

Mr. T.W. Ellis, Director, D.D.A.;

Mr. W.W. Watkins, Secretary, Law;

Mr. D. Parrish, Secretary, Labour;

Mr. R. R. Cole, Commissioner of Police;

Mr. A.C. Erskine, Deputy Commissioner of Police;

Mr. A. Brohocki, Special Branch, R.P.N.G.C.;

Mr. G. Grace, Special Branch, R.P.N.G.C.;

⁵ Regional Director, A.S.I.O.;

Brig. I. Hunter, Army Commander.

I also met several District Commissioners, who were in Port Moresby for a conference, and certain other officials. All officials with whom I spoke were helpful and desired to achieve an effective organization in the interests of the Territory. None questioned the need for such an organization.

3. Broadly, the aspects under consideration were

- (a) Functions of the security organization.
- (b) Its form (Special Branch or a civilian body).
- (c) Scope of its work.
- (d) Staffing.
- (e) Leadership.
- (f) Handling of its product.

³ A.C. Erskine.

⁴ Department of the Administrator.

⁵ Name expunged.

Functions

4. The functions of the organization were described by the Head of Special Branch in his paper of January 1968 as follows:

- (a) The collection of security intelligence from both overt and covert sources, concerning persons, groups of people or organizations which are considered to be subversive or are potentially subversive.
- (b) The collation of all such intelligence, its critical examination and its evaluation.
- (c) To enquire into acts of subversion and sabotage against the security of the Territory, whether directed from or intended to be committed within Papua and New Guinea or not.
- (d) To examine, in consultation with other authorities as necessary, all written material suspected of being subversive or seditious and to recommend appropriate counter measures.
- (e) To keep the Administrator informed in relation to the state of public opinion on matters which are likely to cause rank discontent or dissatisfaction with the Administration and its policies.
- (f) The organization of Travel Control.
- (g) The discharging of all security checking commitments required by Government. The advising of Government Departments, essential services and vital industries on all protective security measures.
- (h) The provision of relevant intelligence to the authorities responsible for the protection of Very Important Persons, resident in or passing through the Territory.
- (i) The maintenance of liaison and collaboration with such friendly intelligence agencies as the Government may authorize or direct.
- (j) The maintenance of records in such depth as to enable the organization to fulfil the above functions.
- (k) The dissemination of all evaluated intelligence to interested parties and agencies.

Such functions correspond reasonably with those of A.S.I.O. Item (e) might be queried, but should be accepted if interpreted as applying only to such intelligence on the subject which may come to the organization in the course of its duties.

5. The suggestion has been made that a distinction should be drawn arbitrarily between 'political' intelligence and 'security' intelligence and that the former is not a concern of the security intelligence authority. It is difficult to conceive of a definition of 'political' or of 'security' which would allow of such a distinction being drawn. It may be said that political intelligence *is* security intelligence and security intelligence *is* political intelligence. Nor is it appropriate to distinguish between intelligence from 'overt' and 'covert' sources and to limit the security intelligence authority to the latter field of activity. An experienced and well-trained security intelligence officer should be capable of determining what intelligence matters are relevant to the security considerations and of ensuring that no embarrassment accrues to 'Government' by his actions. If the organization is regarded, properly, as a part of the apparatus of Government, it should be able on the one hand to receive from other departments all intelligence which is relevant and on the other hand

to contribute its part to the whole picture being presented to Government. Difficulties are created if the executive attempts to prescribe the actions of the Head of the organization in the performance of his responsibilities. Suffice to define 'intelligence' as that which is reported through all arms of the administration and 'security intelligence' as that part of it which relates to security considerations.

Form of organization

6. Careful consideration has been given to the question of whether the security intelligence authority should be a police or civilian body. There are precedents for each in democratic countries. While Australia, Britain and New Zealand, for example, have civilian bodies, Canada and the United States have the security authority vested in the police. All British colonial territories have bequeathed Special Branches to those which have gained independence. Each country adopts the form best suited to its peculiar circumstances.

7. It has been suggested that a Special Branch may be more prone to conversion in a self-governing Territory to a form of 'secret police' or 'political police' and that the tendency towards authoritarianism displayed by newly independent governments causes them to use the police and military forces as their principal source of power. On the other hand, it has been pointed out that the best legacy for the preservation of law and order is a trained, disciplined, regular police force which by its very training is less easily perverted. I was told that the experience of at least one newly self-governing country in Africa was that the Prime Minister, thwarted in his efforts to pervert the trained regular Special Branch, created his own covert civilian intelligence body for political and racial affairs which functioned in a totally unscrupulous and illegal manner.

8. If Australia is able to achieve the legacy of a strong and democratic central government in the Territory there is reason for optimism as to the use of the police. No doubt every effort is being made to develop an indigenous police force of integrity and public respect of which a Special Branch could form an integral part.

9. Difficulties of staffing the Special Branch tended initially to encourage consideration of a civilian agency as the only solution, but further difficulty was found in the administrative location of such a body. After careful examination of these aspects it was felt that the administrative problems were not insurmountable, in which case it was suggested that such a body could be located administratively under the Secretary of the Department of the Administrator, which I feel would be most appropriate.

10. However, in the circumstances existing in the Territory all senior officials whom I consulted agreed that the Special Branch should be retained in preference to a new civilian agency. Furthermore, the Special Branch is a viable entity with a sound basis of records, organization and established relations with other agencies including A.S.I.O. To establish a new organization would take time which can ill be afforded at a critical stage in the development of the Territory towards independence. I would recommend that preference be given to facilitating the development of the existing Special Branch as quickly and efficiently as possible.

Scope of Special Branch role

11. Some difference of opinion was expressed on the scope of the responsibility of Special Branch as a collector and repository of intelligence and this is a factor which has caused the Administrator some concern. After some examination of this aspect I have concluded

that the extent of the concern depends mainly on the definition of 'intelligence'. If viewed as in paragraph 5 above, there appears to be no problem. However, it has also been said that the resources of the Administration cannot permit 'more than one' intelligence collecting agency or 'more than one' repository and 'therefore' it should be the responsibility of the Special Branch. This is neither logical nor correct.

12. It is probably true to regard all the Departments and agencies of the Administration as collectors and reporters of 'intelligence' in the normal course of their duties. The need for some apparatus to collate it is mentioned below (paragraph 23). The existing machinery permits liaison (albeit inadequate as yet) between them and the Special Branch to ensure that all intelligence relating to security interests is available to the Special Branch. Indeed the majority of such intelligence comes from overt sources or, at any rate, is obtainable from such sources in the exercise of their normal responsibilities. The principal one of these is the Department of District Administration. By the nature of its functions and the breadth of its coverage, the D.D.A. is best placed to provide the 'intelligence' which the Administration requires to keep itself informed of events and attitudes. By this I mean the information which it has the resources to obtain officially and normally. Information which cannot be obtained by this means is relatively rare in rural areas and such cases call for Special Branch operations.

13. The senior and experienced officers of the Administration agreed that, at this stage, the main requirement for Special Branch representatives is in the urban areas. Special Branch officers in urban areas have either been found helpful where they exist or are considered necessary where they do not exist. This is consistent with the usual pattern of priorities for Special Branch-type work. I would assess the highest priority for Special Branch activities as being in Port Moresby, followed by other principal urban areas such as Rabaul and Lae. I see no advantage in attempting Special Branch representation in rural areas at this stage; any such requirements which arise can be handled by mobile representation from urban centres or Headquarters in Port Moresby.

14. The Director of D.D.A. is prepared to co-operate closely with Special Branch, not only as a major contributor overall, but also in the absence of resident Special Branch officers in certain Districts. Having discussed his plans in detail I am confident that they will meet the requirement admirably and will risk no embarrassment of the Administration. The Administrator is understandably concerned that the activities of D.D.A. officers should in no way prejudice their image as guardians of the welfare of the indigenous peoples.

15. In those Districts where Special Branch officers are located co-operation will be developed and in those where Special Branch is not represented a designated officer of D.D.A. (perhaps the Deputy D.C.) can discreetly be made responsible for 'intelligence' interests. I feel confident that by close liaison in Port Moresby between the Special Branch and D.D.A. a valuable coverage can be achieved and collation effected of the intelligence product.

Staffing

16. Lack of available staff of the right calibre is one of the main problems facing the Special Branch. All concerned assured me that there are no suitable appointees available in the Constabulary and recruitment prospects are poor. Experienced Administration officers all agreed that the main qualification required by Special Branch recruits was experience in the Territory, preferably of eight years District service. After general consultations

I concluded that the immediate requirement could best be filled by the appointment of selected D.D.A. officers with the appropriate experience and suitability.

17. At the present stage of political development in the Territory the Administrator is naturally anxious that Special Branch activities should not inhibit legitimate political activity or embarrass the Administration. To ensure this requires personnel of integrity, discretion and professional competence who are familiar with local conditions. It is essential, therefore, to appoint only suitable officers to staff the Special Branch. Unsuitable officers or persons appointed only because they are available or because they must be drawn from the Constabulary are likely to do more harm than good. Since available resources of personnel are very limited, it is obvious that in the present circumstances Special Branch would be well advised to concentrate on a small nucleus of competent officers and an active programme of professional training. I would recommend that no attempt be made to expand Special Branch representation into rural Districts at this stage and that priority be given to staffing a nucleus in the Headquarters in Port Moresby and in selected urban districts. After consultation with senior Special Branch officers, it is considered that the appointment of six D.D.A. officers at various levels would meet the immediate requirement. They believe that six D.D.A. officers can be selected who would be willing to accept appointment to the Special Branch. I would envisage that they serve in a civilian capacity and that they have opportunities for promotion either in vacancies within the Special Branch or by leaving Special Branch to take positions elsewhere in the Administration service. This is to be regarded largely as an interim measure to relieve the present staffing crisis, but it may be expected that at least some of such officers will wish to continue a Special Branch career and that those who choose to leave will be replaced by others on the same basis until permanent indigenous candidates are available.

18. The objective of staffing the Special Branch will be to achieve an increasing component of indigenous officers. These persons should, I believe, preferably be graduates of the Police College with practical experience in the Districts who are selected for their suitability and given thorough training by professional security intelligence staff upon appointment.

Leadership

19. I believe the selection of a suitable head of the Special Branch is most important. He should be a man in whom the Administrator has confidence and who enjoys direct access to the Administrator when necessary, and to 'Government'. He should also enjoy good relations with other Departments and agencies of Government.

20. The Commissioner and the Deputy Commissioner of Police assured me that there is no-one suitable to head the Special Branch in the Police at present. Furthermore, I believe there is positive merit in a civilian appointment. There was general agreement that an officer of the D.D.A. would be a desirable appointee and I understand Mr. Erskine has one or two suitable candidates in mind to recommend. It was felt that the grading of the position should be equivalent to that of a District Commissioner. I would recommend for consideration that he hold the title of 'Director of Security and Intelligence', following the model of the Royal Canadian Mounted Police. The R.C.M.P., incidentally, have adopted the same practice of appointing civilians to positions in the 'Special Branch', who are gradually being replaced as career police officers become trained to Special Branch work.

21. Consistently with my recommendations for a civilian Director and his access to the Administrator, I consider it desirable for the Special Branch, while remaining a police formation under the general administrative and disciplinary control of the Commissioner of Police, to be directly responsible to 'Government', say, in the form of the Secretary of the Department of the Administrator. This has several merits, not the least being the integration of Special Branch activity with the Administration and the facility to 'feed back' its product to the Administration in the field.

Handling of the product

22. Experience of intelligence reporting generally has emphasized the need for an efficient machinery of collation and analysis to serve 'Government'. Too often reports are tendered to individuals or Departments and 'disappear', so that they either fail to reach 'Government' or fail to be collated into a picture of the situation as a whole.

23. Such a matter is really outside the charter of my visit, so I have refrained from pursuing it. However, it would appear that the creation of some sort of secretariat machinery would enable intelligence from all quarters to be drawn together on behalf of the Administrator and would provide him with a service on which to base his monthly reports to Canberra. At present it appears that the only joint machinery is that of the T.I.C. which serves a different purpose but whose assessments assume another perspective in the absence of a concomitant 'Administrator's Report'.

24. Some confusion exists as to how such a machinery can be established and I have not attempted to intrude. The problem is quite complex as it would be undesirable to develop yet another intelligence-processing group or a separate repository for sensitive material. I have also not attempted to pursue the aspect raised by the Administrator concerning the incipient diversion of local and Australian intelligence responsibilities, beyond saying that A.S.I.O. will continue to exercise its Commonwealth functions while the Special Branch develops gradually towards independence.⁶

[NAA: A452, 1968/3943]

6 Responding to the report, Hay wrote that he had 'some doubts' on paragraphs 4, 5, and 11, and on paragraphs 22 to 24. With regard to the form of the organisation (paragraphs 6–10), he agreed that it should 'be developed from and within the existing Special Branch', while on the Branch's role (paragraphs 11–15), he concurred with the suggestion that it concentrate its work in urban areas. Hay also agreed that priority in staffing (paragraphs 16–18) should be given to a 'small nucleus' in Port Moresby and to a training program. He supported the use of personnel from DDA and the Police Training College. On the question of leadership (paragraphs 19–21), Hay approved of a civilian appointment (letter, Hay to Warwick Smith, 16 July 1968, NAA: A452, 1968/3943)—and on 13 August the Minister endorsed the selection of DDA's D.P. Sheekey as 'Director of Security and Intelligence' (letter, Warwick Smith to Hay, 13 August 1968, *ibid.*). As an interim measure, Sheekey's position was formally located within DDA, despite the concern of the Administrator that the image of DDA be protected. Another temporary step to alleviate the Special Branch staffing crisis was the creation of six positions in DDA headquarters, 'it being understood they would carry out discreetly Special Branch duties in rural areas, in association with their normal duties'. Because this was not a long-term answer to the problems identified by Barbour, it was also decided that a review would later be conducted on the desirability of converting these positions to full-time status (submission, Besley to Barnes, 24 October 1968, *ibid.*).

187 BRIEF FOR GORTON BY TREASURY¹

Canberra, undated

CONFIDENTIAL

Papua and New Guinea and IBRD/IDA

During 1963 the World Bank made a full-scale economic survey of the Territory and, in March 1967, the Bank sent another mission to the Territory to up-date its information and to make a preliminary examination of four projects the Government had submitted to it for consideration.² These projects were agricultural development, telecommunications, road development and the Upper Ramu hydro-electric power scheme.

Agricultural development

Proposals were put to the Bank for assistance for five separate sub-projects: palm oil, smallholder coconuts, plantation coconuts, smallholder rubber, and livestock. Financial assistance sought for these projects amounts to \$A7.6 million. An Appraisal Mission visited the Territory earlier this year to examine these sub-projects. The Mission's Report is not expected to be completed until mid-June. It is understood, however, that the Mission is likely to recommend an IDA credit of about \$A4 or 5 million, to cover part of the costs of implementing the livestock, palm oil and plantation coconut schemes. If the agricultural package proposal is approved by the Bank's Loan Committee, we would be formally invited to send a negotiating team to Washington. The timing of negotiations is also subject to the replenishment of IDA funds.

Telecommunications project

The Bank has been approached for assistance to improve the trunk line telephone network in Papua and New Guinea including the Port Moresby–Lae–Madang and other major links. An Appraisal Mission visited the Territory late last year to examine this proposal. In March last, the Loan Committee of the Bank approved a loan of \$5.4 million towards a total telecommunications programme of about \$A14 million to be implemented by the Administration's Posts and Telegraphs Department. Negotiations covering the terms of the loan commenced in Washington on 22 May.

Road development

Further consideration of the road project (Goroka–Mt. Hagen–Mendi) suggested by the 1967 Bank mission has been deferred until after the projected United Nations Development Programme survey of transport facilities of the Territory has been conducted. Negotiations for the UNDP transport survey commenced in Washington on 14 May. It is expected that the transport survey will commence in June and will take eighteen months to complete.

Upper Ramu project

Another project which has been discussed with the Bank is a major hydro-electric scheme on Ramu River. The 1967 Bank Mission reported that the full development of the proposed Ramu River scheme would, at this stage, be premature in view of the high capital cost and the limited demand for power. Certain studies concerning the economics

¹ Gorton visited the United States from 23 to 31 May.

² See Document 99.

of thermal versus hydro power, and of the possible development of Stage 2 Ramu before the expensive stage Stage 1, have been recommended.³

[NAA: A1838, 936/20 part 6]

188 MINUTE, BALLARD TO WARWICK SMITH

Canberra, 29 May 1968

Papua and New Guinea—introduction of Ministerial Member system

There has been something of a storm in a teacup between the Department and the Administration while you have been away about the Ministerial Member system generally.

2. You will recall signing a submission containing three recommendations.¹ The first sought approval of our Paper C.W.P.2 as arrangements under Section 25 of the Act; the second proposed that this should be published at the precommencement meeting; and the third proposed that the Administrative Arrangements Ordinance should be amended to remove departmental functions from Assistant Administrators.

3. I informed the Administration that we were proposing to put forward a recommendation on these lines and received a message while Hay was away opposing the recommendations and arguing for no arrangements at all to give local flexibility. The recommendations in respect of the functions of Assistant Administrators were also opposed.

4. I discussed very briefly with Besley and we felt that while the amendments to the legislation concerning Assistant Administrators did not necessarily need to be determined before the precommencement meeting (and your return) but that the functions of Ministerial Members did need to be so determined and I replied to Port Moresby to that effect.

5. I took the Minister through our C.W.P.2 and he approved it as the arrangements for the Ministerial Member system and that it should be tabled at the precommencement meeting. He also directed that recommendations should be put to him for any amendments to the Administrative Arrangements Ordinance concerning Assistant Administrators which may be needed.

6. On Sunday the Administrator telephoned the Minister in Warwick and objected to the proposition that C.W.P.2 should be the arrangements approved under the Act; he objected to the details being made public and to the proposal that C.W.P.2 should be tabled at the precommencement meeting. The following morning the Minister telephoned me about this and I told him that the Act required formal arrangements to be made under Section 25 and that these would have to be communicated at least to the Ministerial Members and the Assistant Ministerial Members.

3 Warwick Smith visited Washington in late May for the purpose of 'exploring World Bank policies and attitudes ... as they affect Papua and New Guinea, and to help ensure a proper understanding as far as they concern his department ... and the Australian Administration' (cablegram 1435, DEA to Washington, 10 May 1968, NAA: A1838, 936/20 part 5). He also travelled to New York for discussions with UNDP officials (see cablegram 408, Plimsoll to Shaw, 11 May 1968, *ibid.*).

1 Final is Document 185.

7. Subsequently, a message arrived in the Department from the Administrator saying that the Minister agreed with the Administrator and that to keep faith with Voutas the Minister had agreed to the Administrator making a statement at the precommencement meeting in general terms about the functions of Ministerial Members and Assistant Ministerial Members.² This statement was sent down the same day for clearance and was cleared.³ After discussion with me, however, the Minister directed that if any questions arose as to how the system would work they should be answered in the terms of the previous approval. He also directed that a report be sent to him on the discussions on the Ministerial Member system.

8. It appears that Watkins hadn't appreciated or hadn't explained the effect of Section 25. The position now is that the Administrator has accepted the need for some formal approval under the Act and the Minister has agreed to discuss this when you are in Port Moresby next week.⁴ I have asked that any counter proposals the Administration may put forward to the revised C.W.P.2 should be sent to us immediately.

9. The basic element seems to be the unwillingness of the Assistant Administrators to accept that they are not to have departmental functions.

10. I understand that the Administrator has expressed concern that messages referred to the functions of Assistant Administrators at all. In explaining the need to amend the Administrative Arrangements Ordinance I referred to the summary of conclusions of your meeting with the Administrator in support of the proposition that they were to cease to have departmental functions⁵ and I asked when Somers was going to send his promised proposals for amendment. Somers' reply was that he understood this was a matter to be dealt with as part⁶ departmental re-organization and required no immediate decision.

11. I don't think we should accept this point of view. The moment at which the Assistant Administrators should cease to exercise administrative functions in respect of departments with Ministerial Members should be when the Ministerial Members take up office. We made this clear in earlier correspondence and there is no question of it having arisen out of the discussions on re-organization.⁷

2 Barnes had made an 'undertaking ... to Voutas that the details of the Ministerial Members system would be made known to all the members at the preliminary session [of the House] so that they could decide whether to stand for nomination' (telex B270/4516, DOET to Administration, 27 May 1968, NAA: A452, 1970/4521).

3 Hay had noted that the speech was in 'general terms, follow[ing] the line of the Minister's own second reading speech ... adding such matter from the working papers as is appropriate ... the purpose of the speech is to explain the system to Members who have to elect a nominations committee and come to conclusions on who should hold ministerial offices' (telex 5219, Hay to Ballard, 27 May 1968, *ibid.*). Text of the speech is contained in telex 5220, Administration to Ballard, 27 May 1968, *ibid.* For Barnes' second reading speech, see *Commonwealth parliamentary debates* (Reps), vol. 58, pp. 1055–1060.

4 Barnes and Warwick Smith departed on 31 May for a visit to PNG.

5 See attachment to Document 179.

6 The word 'of' appears to be missing here.

7 On 23 May, Ballard had telexed Somers: 'It must be accepted that it would not be in accordance with the decisions that have been taken by the Government or with the tenor of the Papua and New Guinea Act for departments which have become the responsibility of Ministerial Members to remain or to be stated in Territory legislation to be assigned to Assistant Administrators' (telex B270/4460, Ballard to Somers, 23 May 1968, NAA: A452, 1968/4245). Four days later, Ballard commented to Besley: 'It is a thoroughly good thing that this has come to a head now. It would be much worse if it had not come to a head and it had in fact caused frustration to the Ministerial Members after they had taken up office ... I feel it is essential to maintain the position that this has to be decided now' (minute, Ballard to Besley, 27 May 1968, *ibid.*).

12. The Administrative Arrangements Ordinance itself provides for an order to be issued designating the Departments which are to be the responsibility of Assistant Administrators. While the legislation should be amended to remove this provision it is not the Ordinance itself but a proclamation under the Ordinance which actually designates functions and we now discover that by an error in Port Moresby the present order has been allowed lapse so that Assistant Administrators probably have no legal departmental functions.

13. The question of Assistant Administrators' functions is likely to be discussed with you and the Minister in Port Moresby together with the detailed arrangements for the Ministerial Members. The Minister's disposition is towards flexibility. I feel that the cloak of flexibility is a cover for preserving the authority of the Assistant Administrators (and the Departmental Head through the I.D.C.C.). The argument that we are trying to rush this at a pace members don't want (as well as being tendentious) is not justified as our C.W.P.2 which⁸ would have a Departmental Head able to carry out his functions if a Ministerial Member did not feel able to perform all his duties.

14. In Fiji I was told that the principal factor in getting the membership system to work was to get the public servants to accept it. I do not see the system working on a basis which leaves it open to officials to treat Ministerial Members as Under-Secretaries.

[NAA: A452, 1970/4521]

⁸ This word appears to be superfluous.

Pacific Islands Regiment: ongoing debate over its size and role

The debate over the size and role of the PIR, principally between External Territories and the Army, resumed during 1968. Following agreement in October 1967 for the preparation of a joint Cabinet submission¹—an arrangement confirmed during the tense exchange of letters in December²—Territories became impatient over inaction in early 1968. Barnes signed a letter to the new Minister for the Army, P.R. Lynch, in which he noted that ‘little progress’ had been made and asked that senior officers of the two departments ‘meet straight away’.³ In the event, the letter was not sent because Warwick Smith met with his Army and Defence counterparts, whereupon ‘it was suggested that the question should be re-examined in the Defence machinery’.⁴

The process of formal consideration began in April with separate submissions by DOET and the Army to the Joint Planning Staff. Territories reiterated views expressed earlier by Warwick Smith,⁵ although it developed further the idea that current projections for the growth of the PIR would result in disproportionate expenditure on defence once the cost was to be raised locally.⁶ The Army paper argued that the Territory faced three main threats: the possibility of Indonesian insurgency similar to that experienced in Borneo during confrontation of Malaysia; racial tensions leading to a serious threat to internal security; and major unrest stemming from inter-tribal rivalries.⁷ It followed that the ‘role of the Army cannot be seen simply in relation to a future independent TPNG’—its role had to be applicable to the ‘approach to independence’, independence and post-independence. In practical terms, the PIR would be needed for ‘domination’ of the PNG–West Irian border and for assistance to the Territory government in the maintenance of civil order, while maintaining self-sufficiency to the greatest possible degree. This, in turn, required a third battalion and the maintenance of force support units at the present level, totalling 3,650 indigenous and 650 Australian Regular Army personnel. In the interim, however, the Army proposed to meet a target of 2,800 indigenous officers by 1968–9, and move from

1 See Document 145.

2 See attachment, Document 151, and Document 152.

3 See letter, Barnes to Lynch, undated, NAA: A452, 1966/4989.

4 Memorandum, Army (White) to Defence, 8 April 1968, NAA: A6846 part 19. There was also some discussion of the Administration’s accommodation shortages, but Warwick Smith indicated to Hay that he ‘doubt[ed] whether we will get any finality for some weeks yet’ (letter, 3 April 1968, NAA: A452, 1966/4989). Indeed, at the meeting White had ‘pointed out that the first and essential step before any use of Army accommodation by other agencies should be to seek a Cabinet decision on the size and role of the force in P/NG with a related time programme’ (brief by J.R. Lynch (Director of Quartering, Department of the Army) for Major-General M.F. Brogan (Quartermaster-General, Department of the Army), 2 May 1968, NAA: A6846 part 19).

5 See attachment, Document 151.

6 Supplement no. 1 to Joint Service Reference no. 55/1968, 23 April 1968, NAA: A1838, 689/2 part 2. The paper contended that a force of 3,500, as proposed by the Army, would, with Air and Navy, correspond to 6.1% of Administration expenditure (as calculated in relation to current defence expenditure in the Territory and total Administration expenditure for 1967/68).

7 Supplement no. 2 to Joint Service Reference no. 55/1968, 24 April 1968, *ibid.* In mid-May, Warwick Smith had told Hay that ‘in my view it was not for the Army to make any assessment about what was required for internal security. Their internal security function was limited to giving aid when called upon by the civil power. Any conceivable practical size of the P.I.R. would be I thought much in excess of any strength that could be required for internal security purposes i.e. a strength of 1,200 was the lowest strength anybody had suggested for the P.I.R.—from a military point of view this was more than enough for internal security purposes having in mind the availability at reasonably short call of Australian forces’ (minute, Warwick Smith to Besley, 14 May 1968, NAA: A452, 1968/2441 part 2).

two to three battalions only after 1970. On the question of relations with civil authorities, the submission contended that there was a need to educate current and future local government as there was a 'lack of understanding' of the PIR's roles and responsibilities. Relations with the community would be best protected by avoiding further deterioration in conditions of service, by comprehensive training (including character training and civil action) and by avoiding premature use of the army for internal security purposes.

The subsequent Joint Planning Committee (JPC) report was described by Ashwin of DEA as 'lengthy and in many ways a typical Committee production'.⁸ Ashwin noted that the 'two chief points of controversy' during the Committee's deliberations were the validity of the three unit concept and the role of the PIR in internal security. On the first, Territories representatives, 'while disposed in general to oppose the formation of a third battalion, were constrained to agree that the concept had a certain logic'. On the second:

All members of the Joint Planning Committee agreed that the Pacific Islands Regiment should continue to be seen as a 'last resort' force and that primary emphasis should be placed upon the Constabulary. The Committee agreed that PIR elements should not be raised specifically for internal security purposes. However, all present agreed that an Army force could be most important to a future independent New Guinea Government in the maintenance of law and order. On the question of a military coup d'etat Territories was initially disposed to argue that a three battalion force constituted inherently a greater risk than a force of two battalions. It could not of course sustain this. In the same context, Territories tried to argue against having any or more than token Army forces stationed in the Port Moresby area. Territories takes the view that because of what it calls the 'atmosphere' of Port Moresby and because it is the seat of Government, location of sizeable Army forces in the vicinity constitutes a possible irritant and a possible threat. The Committee would not accept this view ... It considered it unrealistic to suggest that an independent New Guinea would not locate Army Headquarters and certain units at Port Moresby. It also considered that the investment already made in facilities there, the logistic backing available from Port Moresby and potential internal security needs made it utterly unpracticable to suggest any reduction of the size of the PIR establishment at Port Moresby. The Committee took the view that the proper response to Territories' fears about an Army coup d'etat lay in a whole range of measures involving officer development, standards of training and the promotion of rapport between the Army and the Community as a whole.

8 Minute, Ashwin to Jockel, 27 May 1968, NAA: A1838, 689/2 part 3.

189 NOTES ON DEFENCE COMMITTEE DISCUSSION BY PLIMSOLL

Canberra, 30 May 1968¹

TOP SECRET

**Defence Committee agendum no. 19/68
size and role of the Pacific Islands Regiment²**

The Defence Committee spent most of the morning of 30th May discussing this submission.

2. Mr George Warwick Smith (Secretary of the Department of External Territories) was present and was the first to speak. He made general comments emphasising particularly the financial burden on the Territory after independence of any defence forces, and querying the size of the forces proposed in the paper.³ (He made a more substantial intervention later in the meeting.)

3. The Chiefs of Staff then spoke.

4. Lt. Gen. Sir John Wilton⁴ said:

(a) Defence of Papua New Guinea was vital to Australia. Therefore there was a case for Australia contributing to finance the Papuan forces even after independence.

(b) Very little was said in the paper about the Army and Navy. He did not agree that a further review should be undertaken not later than mid-1970; he did not think another review was necessary.

5. Lt. Gen. Sir Thomas Daly (CGS) spoke as follows:

(a) He referred to the time it takes to raise and train a force. This could not be done quickly.

(b) He appreciated Mr Warwick Smith's concern about finance and the economic burdens. But if Australia did not provide adequately for New Guinea forces, there were plenty of others who were willing to try.

(c) He queried whether there was much risk of the armed forces in New Guinea intervening in politics. Where this had occurred in other countries, it had been where the armed forces had taken over corrupt independent governments, not where there had been good governments.

6. Vice Admiral V.A.T. Smith⁵ expressed general agreement with the report of the Joint Planning Committee. He disagreed with Sir John Wilton on one point: Admiral Smith thought that another review would be necessary by 1970.

1 Plimsoll's notes, which were written on 31 May, appeared under cover of a short submission of the same date to Hasluck.

2 That is, JPC report no. 32/1968, 8 May 1968, NAA: A1209, 1968/8538 part 2. For context, see editorial note 'Pacific Island Regiment: ongoing debate over its size and role'.

3 See paragraph 19 below.

4 Chairman, Chiefs of Staff Committee.

5 Chief of the Naval Staff.

7. Air Marshal Sir Alister Murdoch (CAS)⁶ expressed general agreement with the report of the Joint Planning Committee. He also said he did not believe that the New Guinea economy could sustain a defence force without outside assistance.

8. I spoke as follows:

(a) I expressed disagreement with Sir John Wilton who had said that a review would not be necessary by 1970. I said I thought things were changing so rapidly and unpredictably in New Guinea, that mid-1970 would probably be too far off. I said my own feeling was that independence would come sooner than many persons thought and we would have more to go on by 1970 in forming a judgment on that point. The review might have to be sooner. I thought that the recommendation in 86(e)⁷ should be re-worded in the first sentence as follows: 'A review to be undertaken not later than mid-1970, to decide the possible overall composition of the defence forces of Papua and New Guinea and the relationship between these forces and the Australian defence structure'.

(b) Paragraph 85(h)⁸ was in my opinion too definite, as was paragraph 68.⁹ It would be better to say that certain things could be done which could reduce the risk of instability and insurrection, rather than to say that the risk would be slight.

(c) In paragraph 85(j)¹⁰ a sentence should be added as follows: 'Even so, some financial assistance for defence will probably still be needed from Australia after independence.' I thought that assistance from Australia would be necessary for a number of reasons. Most newly independent countries, in for example Africa, had received financial and other assistance for their armed forces in the early days of independence from the former colonial power. I added that the defence of New Guinea should be seen as part of the defence of Australia, and in those circumstances it would not be unreasonable for Australia to make some financial contribution to it. The role of the limited New Guinea forces could be seen in relation to Australian defence: some patrolling, coping with any small incidents, and being a general stabilizing factor in New Guinea.

9. Sir John Bunting expressed agreement with what I had said about the need for a review not later than 1970.

10. Mr R.N. Townsend (Acting Secretary, Prime Minister's Department) also agreed with what I had said about the need for a review. He also said that he was inclined to think that we should be consolidating the expansion of the forces that had already occurred rather than expand as rapidly as the paper seemed to contemplate.¹¹

6 Chief of the Air Staff.

7 This read: 'a review be undertaken not later than mid 1970, to decide the best over-all composition of the defence forces of Papua and New Guinea' (JPC report no. 32/1968, 8 May 1968, NAA: A1209, 1968/8538 part 2).

8 'Subject to the conditions in paragraph 68 [see footnote 5], the proposed programme for expansion of the PIR should result in the development of a well disciplined loyal force and risk of instability or insurrection would be slight provided independence does not come too early' (loc. cit.).

9 'Under certain circumstances and if less desirable policies are adopted by the authorities in PNG, a disciplined force of any size can represent a threat. However, given enlightened policies, orderly advancement towards independence, the size and rate of development envisaged for the PIR and the continuation of appropriate training and educational measures for the PIR, the risks in this regard in PNG should be minimal' (loc. cit.).

10 'The financial situation, and the need to avoid saddling a future government of PNG with a defence force it could not afford, demand that defence costs be kept as low as possible consistent with defence requirements' (loc. cit.).

11 During preparation for the meeting, G.L.V. Hooton (senior advisor, External Relations and Defence Branch, PMD) had written to Townsend that, in his view, the Defence case for expansion of the PIR rested on internal factors. He

11. Mr M.W. O'Donnell (Deputy Secretary of the Treasury) said:

(a) The JPC report mixed the issues. It made political judgments which influenced its conclusions. The report should have concentrated on military aspects, namely defence against external aggression. The PIR should not be regarded as a reserve police force: it was a defence force.

(b) In regard to finance, the primary responsibility after independence would rest on the government of the new country. We could not ignore the cost side and the burden this would impose on an independent country. The CGS had already indicated the physical limits as regards time on building up a new force. The most sensible course in the next few years was to concentrate on the basic establishment as a basis for future expansion.

12. Sir John Wilton intervened to say that he thought we could not compartmentalize military and political aspects. War now was a politico-military question as was being daily demonstrated in South East Asia. The primary role of the P.I.R. would be border defence and surveillance, and any possible internal role would be quite secondary. Sir John Wilton also said he was convinced from the studies made by the Services that the three battalion concept was the best answer, but the rate at which it was reached could be adjusted.

13. Mr O'Donnell said that no Australian Ministers could support a paper that contemplated the taking over of the government by the army; that was contrary to all the traditions of Australia.

14. I commented that the paper was not arguing that the army in New Guinea should be able to take over the Government. The paper in fact was concerned to safe-guard against that. But the paper did contemplate that the armed forces would be at the call of the Government to maintain law and order in certain circumstances.

15. Sir Henry Bland supported what I had said and drew Mr O'Donnell's attention to page 11¹². Sir Henry pointed out that in Australia the Defence Act, in section 51, said that, where the Governor of a State proclaimed that domestic violence existed, the Governor-General might call out the armed forces to be used for the protection of that State against domestic violence.

16. Mr Warwick Smith spoke again and made some points of detail. He said that paragraph 72¹³ was inaccurate. In paragraph 85 he disagreed with (f)¹⁴ and (h),¹⁵ on the

believed that the JPC paper should have juxtaposed the PIR with the 'African experience', and he was 'unimpressed by the Army statements about civic education ... and can only recall that Sandhurst trainees have surprised their alma mater in most African armies'. Hooton recommended that more study be given the question, during which a 'full paper' by the Administration could be considered alongside 'someone ... who has had experience in police/military relations in primitive areas' (minute, 27 May 1968, 8 May 1968, NAA: A1209, 1968/8538 part 1).

12 This included the comment that the secondary purpose of the PIR was to 'provide for the future ... an efficient, well disciplined, stable and reliable army which is completely loyal to the Administration or established Government of the country; an Army that will if called upon, give willing assistance to the Administration or government in the exercise of lawful authority' (JPC report no. 32/1968, 8 May 1968, NAA: A1209, 1968/8538 part 2).

13 'It is the Australian Government's view that an independent Papua and New Guinea should be able to support from its own resources the bulk of its recurring public expenditure on essential administrative, economic and social services. In 1967/68 total local receipts (revenue plus loans) are expected to cover only 32% of total Government expenditure (Administration plus other Commonwealth Authorities) and on present estimates the percent for 1971/72 would only be slightly higher. While over the next four years loans from the [IBRD] and/or [IDA] credits totalling \$10 million may be available these coupled with possible aid from the [UNDP] would amount to less than 2% of present estimates of Administration expenditure over the period' (loc. cit.).

14 'It is practical to commence raising a third battalion in 1972 with a view to its manning being contemplated by 1974' (loc. cit.).

15 See footnote 4.

latter point expressing agreement with what I had said. Mr Warwick Smith made two principal points:

(a) Who was the army going to defend the Territory against? Was it going to make any difference to the defence of New Guinea whether it had 2,000 or 4,000 troops? He favoured expansion being not too great or too rapid.

(b) His experience had been that Australians could only see New Guinea through Australian eyes. If Australian architects were asked to design a building and to do so as cheaply as possible, they always seemed to design it to accord with the highest standards in Australia, and, if asked to reduce, they would do it by cutting bits off instead of re-designing. Mr Warwick Smith asked whether the army organisation in New Guinea (headquarters structure etc.) was simply a straight transplantation of the Australian Army. For example, did the three units have to be battalions? And if so did they have to have the Australian establishment?

17. Sir Henry Bland made the following points:

(a) Account had to be taken of past Cabinet decisions, as set out in paragraph 2 of the paper.¹⁶

(b) The paper had given slight attention to the strategic aspect of Papua – New Guinea.¹⁷ Perhaps Papua – New Guinea did not have the importance for Australian defence that it had when West New Guinea was not in Indonesian hands. If it had little strategic importance to Australia, did it matter if Papua – New Guinea was in hostile hands? Sir Henry Bland said he was not asserting that but raising it as a question.

(c) But even so, an obligation rested on the Australian Government to provide a defence force for a country on the way to independence, just as it had an obligation to build up the police, education, etc. If independence came without our having provided a basis for defence, we would have failed in our obligations. The figures of 2,000 or 4,000 men or of three battalions had little meaning in a defence sense against a significant threat but was the minimum that we could set a new country out with.

(d) There was little in the paper about forces other than the army.

(e) The Minister for Defence had directed in April 1965 that work be done on the development of one defence force. Sir Henry implied (without specifically saying so) that thought should be given to the unification of the forces in New Guinea since they were starting off afresh instead of having an existing structure to modify.

(f) There should be a review in 1970 which should concern itself with the overall composition of defence forces, and also in relations between the Papua – New Guinea Force and the Australian forces.

¹⁶ 'On 22 May 63 the Prime Minister announced that the strength of the PIR was to be doubled and on 10 Nov 64 he announced an increase of the force to three battalions and supporting units with a total strength approaching 3500 by Jun 1968' (JPC Report no. 32/1968, 8 May 1968, NAA: A1209, 1968/8538 part 2).

¹⁷ The report had judged: 'The strategic importance of PNG lies mainly in its potential as a base for the conduct of activities or operations prejudicial to our interests. In the interest of Australian defence we will wish to ensure that PNG is oriented towards us and to retain some defence link with PNG in order to deter an external threat to the area, to secure our lines of communication and to maintain access to PNG and its base facilities. This is particularly important while there is uncertainty regarding Australian/Indonesian relations' (loc. cit.).

(g) Instead of passing this long and detailed paper to Cabinet, especially as the Defence Committee had not considered it word by word, the Defence Committee should produce a short paper, directed at a few Ministers only.

18. Sir John Wilton intervened to say that he disagreed completely with any suggestion by Sir Henry Bland that Papua New Guinea was not very important to the defence of Australia.

19. Mr Warwick Smith intervened again to ask why, in paragraph 86(c) the aim was 2,800 men rather than 2,300 men.¹⁸

20. I said that thought might be given to some aspects that might be useful in the civil development of New Guinea. For example, in Thailand the SEATO workshops set up with Australian aid had been directed towards training {mechanics} for service initially in the armed forces, but with the deliberate intention that later on they should move into civil life with the skills they had acquired. Again, the ordinary soldier, if he did not get promoted, should after a few years be discharged and with proper handling could be an important element for stability and progress in his native village.

21. Lt. Gen. Sir Thomas Daly said that at present some privates were being held in the army past the point of usefulness, particularly as the men who had been recruited some time ago were not all of as high a standing as those being recruited today. But the Army was hung up at present about a pension scheme.

22. Sir Thomas Daly said he wanted to refer to a basic problem, namely the relations between the army and the civil administration in New Guinea. The army was responsible to the Commonwealth Government and not to the Administration, and was therefore looked at as something different. It did not appear in much of the publicity issued by the Administration, such as supplements {in} newspapers or exhibitions at the Royal Show. In a booklet issued by the Department of Territories on civics for use in schools, the only reference to the army was to the danger of it taking over the government.¹⁹

23. Mr Warwick Smith said he admitted that General Daly had made a good point. It was true also of the DCA²⁰ and ITU,²¹ who operated directly to the Commonwealth Government. Mr Warwick Smith went on to urge that if possible the army should be brought closer to the people by engaging in work like road building, bridge building etc. He concluded by asking once again why the figure of 2,800 had been fixed. Why could it not be less?

24. Sir Henry Bland said it seemed quite clear to him that two battalions were needed. In addition there were the past statements by the Government, contained in paragraph 2 of the paper.

25. The Committee left it to Sir Henry Bland to consider and draft a submission in the light of discussion at the meeting. Members of the Committee will look at his draft when he has completed it.

[NAA: A1838, 689/2 part 3]

¹⁸ The aim was to achieve this increase by June 1969.

¹⁹ See footnote 9, Document 145.

²⁰ Department of Civil Aviation.

²¹ International Telecommunication Union.

190 MINUTE BY DEFENCE COMMITTEE

Canberra, 30 May 1968

TOP SECRET

Future size and role of the Pacific Islands Regiment

The Defence Committee considered Joint Planning Committee Report No. 32/1968 on the future size, role, rate of development and disposition of the Pacific Islands Regiment including implications for programme objectives and works, taking into account local internal security problems, economic considerations and availability of officer trainees.¹

2. The Defence Committee directed itself to a broad consideration of the policy issues involved and having regard to the conclusions to which it came which are noted later, refrained from a detailed examination of the content of the Report. In passing, the Committee—

- (a) observed that the Report had only briefly canvassed the strategic factors² and noted that these would call for consideration when the review of the strategic basis of Australian defence policy had been completed;
- (b) recognised that Australia had an obligation to develop for Papua New Guinea as with other institutions, a defence force appropriate to its needs and circumstances and that the structure of that force need not necessarily conform with the Australian pattern;
- (c) observed that the Report was directed to the P.I.R. and had scant reference to other elements of a defence force;
- (d) noted that the then Minister for Defence in early 1965 had directed in relation to a Navy project, that ‘the desirable arrangement in due course might well be one Defence Force in Papua New Guinea covering all the Services.’
- (e) accepted that the development of an adequately trained, well disciplined and effective force would take time and that this was especially true of the officer and N.C.O. element;
- (f) accepted that economic and social factors had to be taken into account in deciding what the appropriate force should be and that economic considerations dictate that at the present stage of the country’s development, the Army in Papua and New Guinea should be developed primarily as an infantry force supported as far as practicable by indigenous supporting units;
- (g) acknowledged the desirability of a progressive replacement of A.R.A. personnel now with the P.I.R. by indigenous personnel and of the Australian aim being a minimum defence presence in Papua New Guinea after independence;
- (h) felt that the independence of Papua New Guinea might occur sooner than was sometimes asserted and that while it was impossible to predict what P.N.G.–Australia relationships in relation to defence would be, it was important that such a climate should be created as would cause P.N.G. to look to Australia rather than elsewhere for assistance in defence;
- (i) considered that for this and other reasons Australia should in its association with the development of indigenous forces, do all within its power to create among the personnel of P.N.G. forces a spirit of goodwill towards Australia;

¹ See footnote 2, Document 189.

² See footnote 18, Document 189.

- (j) considered that there was a need for greater efforts on the part of the Administration to involve the P.N.G. forces in the life of the community—to remove any suggestion that they were the instrument of the Australian Government and to present the P.N.G. forces as no less a vital element in the country's institutions than the Police and Government Services. In this connection, the Committee noted the advantages of maintaining an appropriate relationship between the conditions of indigenous public servants, police and PIR and noted with approval the comments in paragraphs 66 and 67 of the Report.³ It thought there might be room for special action directed to the re-establishment of ex-members of the P.N.G. forces in their own communities and considered that the Administration in conjunction with the Army and Navy, should direct its attention to these problems as a matter of urgency;
- (k) accepted that—
- (1) the purpose of the P.I.R. was to provide an efficient national Army to P.N.G. capable of playing a vital part in the defence of the Territory against overt or covert aggression and to provide for the future, from within that capability, an efficient, well disciplined, stable and reliable Army, completely loyal to the Administration or established Government of the country;
 - (2) the roles of the P.I.R. were—
 - (i) to keep under surveillance and defend the border and coastal areas of P.N.G. particularly adjacent to West Irian;
 - (ii) to contribute to the internal defence of P.N.G. particularly in countering a threat from subversion, insurgency or guerrilla warfare, where such a threat is externally controlled, directed or supported.
 - (3) while the role and function of the Police is to maintain law and order, P.N.G. forces could, as was the case in Australia, under the Defence Act, have a role in the event of civil disorder to support the Police and clearly, in case of last resort, have the role of sustaining and supporting the Administration.
- (l) accepted that since Australia would almost certainly become involved if P.N.G. were under attack, the defence of P.N.G. should be taken into account as part of the total Australian Defence effort.
3. The Committee noted that—
- (a) In November, 1964 the then Prime Minister had announced that the P.I.R. would be increased to three battalions and supporting units with a total strength approaching 3,500 by June, 1968;

3 Paragraph 66 noted that in recognition of possible problems between the PIR and a PNG government after independence, the army had instituted 'a comprehensive scheme which incorporates balanced training in the military, education, character development and civil action fields ... It seeks to show the PI soldier his duties and responsibilities as a member of a National Army both to the Army and to the Government of the country'. Continuing, paragraph 67 emphasised the importance of 'positive measures' for cooperation and understanding between the Administration, or a future government, and PNG forces: 'Although there is co-operation between them on patrol programmes, including civic action patrols, the [Joint Planning] committee discussion has suggested that there could be more co-operation in other matters. For example, the Administration appears to play no part in the Army education programme discussed in paragraph 66 and no mention is made of the PIR in the Annual Reports of the Territory. The Committee felt that as progressive steps are made towards increased political and administrative responsibility by indigenes, on the one hand, and towards a national army on the other, it is important that every possible step be taken to develop on both the civil and military sides an awareness and understanding of each other and a sense of common identity. A separate study of this should be made' (NAA: A1209, 1968/8538 part 2).

- (b) The approximate strength of PI's is at present 2,500 and of the A.R.A. 632;
 - (c) The Army is at present working to a programme to increase the strength of PI's to 2,800 by June 1969; even so this will involve deferring the raising of a third battalion;
 - (d) The increase in the force from the present level to 2,800 is necessary to fill the logistic and service units required to make a two battalion PIR a viable and self-supporting force for the present and that without this increase the ARA would need to provide these functions;
 - (e) It is anticipated that the required numbers of PI's can be recruited and trained by June 1969 without loss of standards;
 - (f) In relation to the raising of the third battalion, difficulties are foreseen in officer manning which will prevent a three battalion PIR being achieved in 1970 as previously expected;
 - (g) Although additional ARA officers cannot be made available to the PIR, the currently planned indigenous officer production will permit a start to be made on raising the third battalion in 1972 and its manning should be completed by 1974.
4. The Committee felt that while it did not dissent from conclusions in the Report, that from a military point of view, to carry out the roles mentioned in para 2 (j) (k) a three battalion organization deployed as mentioned in para 50 of the Report,⁴ would be required, no final decision should be taken at this stage on the three battalion concept advanced in the Report. It was reinforced in this feeling by the considerations noted in para 3 and because it desired that a review be undertaken not later than 1970 to decide the overall position of the defence forces of P.N.G. including the P.N.G. Naval Division, air transport and other support requirements.
5. The Committee desired that the review should take account of the defence needs of P.N.G. in the setting of that country's economic and social considerations, strategic considerations affecting Australia, and the relationships that might exist between the P.N.G. forces and the Australian Defence structure. It should direct particular attention to the type of forces that the circumstances of P.N.G. demanded which might not necessarily conform to the Australian pattern and might point to the desirability of a unified defence force.
6. The Committee considered that—
- (a) Meantime the Army should work to a P.I.R. strength of 3,500 odd (including 650 odd A.R.A.) by June 1969 and adopt a flexible approach to its composition so that if needs be, there could be a rapid expansion following the review mentioned in paras 4 and 5 or in the event of other circumstances arising that required it;
 - (b) While the strength proposed fails to satisfy the Prime Minister's announcement of November 1964 as to number of battalions and target date, a force of the strength mentioned is about the minimum that would present any sort of credible appearance in relation to the tasks facing the P.I.R.;
 - (c) Having regard to plans already announced for the P.I.R. and other considerations, any decision not to proceed in accordance with our stated policy would not be in the best interests of Australia in its relations with the U.S.A. and countries in South East Asia.

[NAA: A1209, 1968/8538 part 2]

4 That is, one battalion based at Wewak/Vanimo to cover the northern border area, another based at Port Moresby to defend the southern border area, and a third stationed in the Lae area (*ibid.*).

191 TELEX, HAY TO WARWICK SMITH

Port Moresby, 30 May 1968

5313. PRIORITY IMMEDIATE

Your 4588.¹ I do not repeat not believe that document as now drafted² conforms to Minister's views on flexibility as discussed with myself and yourself. I understood that following discussions later on in the Department you yourself were of the same mind. I further do not agree that the document as it now stands can suitably be regarded as the 'arrangements' under section 25.³ It is quite impossible to settle this matter today. There is no need to do this and I remain of the opinion that it should be discussed by you and me with the Minister next week.

[NAA: A452, 1970/4521]

192 TELEX, WARWICK SMITH TO HAY

Port Moresby, 31 May 1968

284/4600. UNCLASSIFIED PRIORITY PERSONAL

Your 5313.¹

1. Have again gone through the document with the Minister who has reviewed it from the point of view of flexibility. He is satisfied it is adequately flexible.
2. My own references to flexibility in our earlier discussions were directed to ideas like the use of regulations and determinations as compared with this approval of arrangements under section 25 which gives utmost flexibility and facility for change.²
3. Attorney-General's Department consider a document of this kind is suitable under section 25.

1 30 May. Following a telephone conversation of 29 May—evidently in relation to matters raised in Document 188—Warwick Smith quoted to Hay the agreement reached in the Canberra discussions of early May and noted that the Administrator had been asked for advice as to possible points of disagreement with DOET's record (see Document 179). The Secretary continued: 'The only point of difference of which we have a record concerns financial delegations and it does not seem practicable to operate the Ministerial Member system unless the Ministerial Member has financial delegations no less than the departmental head. As arranged by telephone I would be glad if you would let me know urgently today any points of difficulty that you see in the paper so that we may complete [the] draft and clear with you today the section 25 arrangements and submit [them] for approval this evening, before Minister leaves Canberra' (telex B270/4588, Warwick Smith to Hay, NAA: A452, 1970/4521).

2 That is, the attachment referred to in footnote 1, Document 185.

3 See editorial note 'Changes to the Papua and New Guinea Act'.

1 Document 191.

2 In an unaddressed note of 31 May, Kirkpatrick wrote: [a] Administration re-draft of CWP/2 [see Document 171] showed change in emphasis regarding role of Ministerial Members:— [i] showing them as *assisting* Departmental Head [ii] stresses the role of the I.D.C.C. in examining proposals before they go to Administrator's Executive Council. [iii] sees them as exercising *communal* responsibility rather than individual authority [iv] subsequent letter from Administrator (24th April) [Document 176] suggested caution on financial delegations to Ministerial Members. [b] Exchanges with Administration over last two weeks show that Administration has not budged from its approach as indicated in previous point and is using argument of "flexibility" in attempt to justify its stand. [c] Draft arrangements as approved by Minister and sent to Administration on 31st May [see below, paragraph 6] accord with Select Committee's Report, second reading speech of Minister and section 25 of Act' (NAA: A452, 1970/4521).

4. Following discussions with the Minister of the whole situation I am to say that on the question of timing of circulation or publication of the document expressing arrangements under section 25 the Minister reaffirms his earlier oral advice to you that you need not at this stage circulate the full document unless pressed to do so. At the same time the Minister still regards it as essential that the arrangements approved under section 25 be advised in full to Ministerial Members and Assistant Ministerial Members. The legal deadline would be no later than when the appointments to ministerial office are made and there may be a political deadline at the time the Nominations Committee meets.

5. On substance the Minister requests that you advise urgently any particular points of difficulty so that these may be considered by those concerned here in advance of any discussion in Port Moresby. Otherwise reference may then be necessary to Canberra and this could result in the formal statement of the arrangements under section 25 not being available when needed.

6. Immediately following message translates previous text of arrangements as approved by Minister into form which we here regard as appropriate for publication. There is not intended to be any difference at all of substance and preceding paragraph refers only to matters of substance on which glad your urgent advice.

[NAA: A452, 1970/4521]

193 TELEX, DOET TO PORT MORESBY

Canberra, 31 May 1968

B270/4605. UNCLASSIFIED PRIORITY

Following is text of message referred to in Secretary's personal message to Mr Hay 4600 of 31st May.¹

'Papua and New Guinea Act 1949–1968 —Arrangements approved by the Minister of State for External Territories pursuant to section 25 of the Papua and New Guinea Act 1949–1968

Ministerial Member

1. In the House of Assembly the Ministerial Member will represent his department and answer questions. He will give the Administration view on resolutions and motions affecting his department and generally support the policies and actions of the Administration. The Ministerial Member will introduce legislation concerning his department's functions and take the responsibility for guiding the legislation through all proceedings in the House.

2. The Ministerial Member may, with the agreement of the Administrator, initiate legislative proposals for submission to the Administrator's Executive Council concerning his function and introduce matters for discussion in the Council. He may also take part in the discussion of policy questions on which the Council is consulted by the Administrator, and will represent the interests of his department in discussions on the draft estimates in the Council.

¹ Document 192.

3. In the matter of departmental functions and operations the Ministerial Member will assume responsibility with the departmental head for matters to which² the functions relating to a specified department of the public service relate and including the exercise of major financial delegations. The Ministerial Member will take part in the formulation of policies, plans and proposals for expenditure in his department (including the preparation of departmental estimates) and will exercise such delegations as may be authorised by the Administrator. He will make policy and administrative decisions together with the departmental head after considering papers and recommendations submitted to him by his department and record such decisions in writing on the papers. As the Ministerial Member will be generally assisting in the administration of the Territory it will be necessary for him to co-operate with and seek the advice of the departmental head on matters related to the exercise of his functions. In accordance with generally accepted practice members of the Council should not publicly oppose decisions that are in accordance with the advice of the Council.

Relationship of Ministerial Member and departmental head

4. The effective working of the system will require close co-operation between the departmental head and the Ministerial Member. Generally the departmental head will co-operate with and tender advice to the Ministerial Member on matters within the Ministerial Member's competence. The management and public service aspects of the conduct of departments will remain the responsibility of departmental heads.

5. In relation to both the House of Assembly and the Administrator's Executive Council, the departmental head will advise the Ministerial Member on matters within the competence of his department. He will attend meetings of the Council at the request of the Administrator or the Ministerial Member.

6. On other matters not involving the origination of new policy proposals the Ministerial Member and the departmental head will make their decisions jointly.

7. Where a new policy proposal is to be originated it may emanate from either the departmental head or the Ministerial Member. A departmental head desiring to originate a policy proposal will place a written recommendation supported by reasons before the Ministerial Member. If the Ministerial Member does not agree with the proposal the departmental head could refer it to the Administrator if he wished to take it further. If a Ministerial Member desires to initiate a policy proposal he will request the department to prepare the proposal in writing after considering all relevant aspects including any comments from other departments affected. If the departmental head does not agree that the proposal should be put forward he will refer it to the Administrator if the Ministerial Member desired this course.

Assistant Ministerial Member

8. The Assistant Ministerial Member will be consulted by the departmental head and senior officers in major matters affecting his functions but decisions will be made by the departmental head. He will also perform all or some of the following activities as and when required:—

- assist during preparation of bills within department
- represent the department at official functions
- answer questions in the House

2 The preceding three words appear to be superfluous—as do the words 'relate and' following.

- meet official visitors
- participate in departmental conferences
- participate in preparing budget estimates
- participate in departmental policy formation
- undertake liaison with representative public bodies

9. Assistant Ministerial Members will meet jointly from time to time with the Administrator, Ministerial Members (as appropriate) and/or senior officers to discuss and study proposed legislation and other matters of Territory interest.’

[NAA: A452, 1970/4521]

194 TELEX, HAY TO WARWICK SMITH¹

Port Moresby, 31 May 1968

5344. URGENT PERSONAL

In general my view is that we have to steer a course between on the one hand creating a ‘stooge’ image and associated frustrations, and on the other hand opening up the way for a much more rapid advance towards self-government than is {wanted by the majority of people. In respect} of the latter, the more you define what Ministerial Members can do, the more you define what they cannot do. This opens the way to pressures. The Select Committee² provides the agreed basis for the kind of course I refer to.

2. To avoid the stooge image, I recommend we should not use the kind of wording in A1(c)³ (which is not repeat not in accord with paragraph 19 of report) unless qualified as in my statement of 28.5.68⁴ by adding the phrase ‘which they would have helped to formulate’, and that we should omit A1(d)⁵ altogether, and rest on 4.⁶

3. Critical areas of policy, for example land legislation and the budget, are going to be difficult obviously. We will not be assisted in getting them through the House by attempting to bind Ministerial Members in advance to the ‘Administration’ as such. The obligation which Ministerial Members expect is the one in the Select Committee’s report. This is an obligation to a Council of which they are members. The only way to get through difficult and unpopular policies will be through protracted discussion {in the

1 As noted in paragraph 7, Hay had not yet received Documents 192 and 193; the current document was apparently sent as a sequel to Document 191.

2 Presumably, a reference to the Select Committee report (Document 118).

3 That is: ‘In the House ... a Ministerial Member will ... give the Administration view on resolutions and motions affecting his department’ (attachment to Document 185; see footnote 1 of that document).

4 See footnote 3, Document 188.

5 This stated that in the House Ministerial Members would ‘support (or at least not publicly criticise) policies and actions of the Administration generally’ (unpublished attachment to Document 185).

6 This reads: ‘Ministerial Members should conform to the accepted code of conduct normally applicable to Ministers. They should also respect the conventions that —[i] they should not publicly oppose the advice of the Administrator’s Executive Council and policies approved by it; [ii] they would only introduce into the House of Assembly Bills which accord with Administration policy’ (loc. cit.).

Council and very full preparation with members of} the House generally, resting on the accepted ultimate authority of the Government as in paragraph 7 of the Select Committee report. The situation is one requiring subtle and delicate handling.

4. Turning to the other area of difficulty. It is an essential element in the report that some movement should take place within the four year period. (See paragraph 22.) It would therefore be ill-advised for the Minister to agree now in writing that Ministerial Members should have delegated authority from the Administrator. They may have it, but no-one has yet asked for it and in my view it would be prudent to hold this back for two years or so.

5. It is similarly imprudent in my view to specify the decision-making authority of Ministerial Members at this stage. The concept in the Select Committee report is one of shared and not divided responsibility. In practice this amounts to Ministerial Members sharing in virtually every decision other than purely management decisions (under the ordinance) and those which are delegated to, for instance, area officers (e.g. location of primary schools). The basis for this sharing is the need for the Ministerial Members to be able to defend the actions of his department in the House. The specifying and defining of areas of responsibility for the Ministerial Members is something which could follow in two years' time. The procedures we discussed whereby the submission of matters for ministerial views is formalised is of course acceptable, but they need to be phrased carefully and not for instance assume that Ministerial Members must be literate.

6. The genuine partnership concept, subject to the overriding responsibility of the Government, as expressed in my statement of 21st May⁷ has not brought up any questions which indicate that it is not a sufficient basis to enable members to decide whether or not to nominate.

7. Your 4600⁸ and 4605⁹ since received. Text will in my view need amendment but provides good basis for further exchange.

[NAA: A452, 1970/4521]

195 TELEX, BALLARD TO WARWICK SMITH¹

Canberra, 3 June 1968

B270/4645. UNCLASSIFIED

Ministerial Members

Further to discussions yesterday there seems no difference between the Department and the Administration on paragraphs 1 and 2 and 8 and 9 of our re-drafted approved arrangements² if we amend paragraph 1 of our draft by including at the end of the second sentence the words '*which he would have helped formulate*'.

⁷ This should probably read '28th May'.

⁸ Document 192.

⁹ Document 193.

¹ Warwick Smith was in PNG.

² Document 193—a paraphrase of the arrangements earlier submitted to Barnes (see footnote 1, Document 185).

2. The real issue seems to concern the relationship between the Ministerial Member and the departmental head. You will recall that the Administration draft of CWP2³ proposed that

- (a) the Ministerial Members would 'assist' the departmental head, and
- (b) policy proposals would be processed in the I.D.C.C.

3. Paragraphs 3, 4, 5, 6 and 7 of our latest draft are designed to implement the recommendation in paragraph 9 of the Select Committee report⁴ that the Ministerial Member would be responsible with the departmental head for policy and for the overall activities of a department. It seems inconsistent with this for executive authority to remain vested in name in a departmental head or an Assistant Administrator. Our proposal for a financial delegation to the Ministerial Member of the same amount as the departmental head accords with the approach of the Select Committee. The departmental head could then exercise the delegation in the absence of the Ministerial Member but if the Ministerial Member were available the arrangement would specifically require both to agree to the exercise of the delegated power.

4. We have no details of statutory or administrative delegations which have been made but the same principle would seem to apply to all delegations. It would not accord with the Select Committee report for a delegated power in relation to a function of a department with a Ministerial Member to remain legally vested in an Assistant Administrator or a departmental head. If the Ministerial Members are to accept some responsibility for the decisions of government so that they support them in the House of Assembly (and for that matter in the United Nations) it seems important that a procedure should be laid down to ensure that a Ministerial Member has specifically approved the decision and that arrangements gave him the authority to approve or reject that decision.

5. The Administrator is concerned to ensure that the papers do not show the Ministerial Members as being 'tame cats' or 'stooges'.⁵ Unless the arrangements provide a procedure under which Ministerial Members can refuse to accept proposals put to them then the 'tame cat' or 'stooge' allegations will be likely to stick.

6. It also seems that a reference to delegation is necessary to give effect to sub-section (2) of section 25⁶ read together with the passage in the second reading speech 'the administrative functions exercised by a Ministerial Member would be derived from the Administrator'. It seems clear from the Administration message 5363 of 3rd June⁷ to which a separate reply is being sent⁸ that the Administration is not aware of the reasons behind this sub-section or that this provision has substantive Governmental authority.

3 See attachment to Document 171.

4 See Document 118.

5 See Document 194.

6 See editorial note 'Changes to the Papua and New Guinea Act'.

7 Based on comments made in the Territory's Department of Law, Hay wrote that he found the provision 'puzzling', and he remarked, *inter alia*, that the expression 'in relation to the government' was not easy to define; that there would be an unclear relationship between the section of an ordinance conferring powers, functions or duties and the rest of the ordinance; that the exception allowing conferral of powers under an ordinance was already in practice, 'thus defeating the whole apparent object'; and that the reference to delegation of powers was 'either ... *ex abundantia cautela* or negates the *prima facie* meaning of the earlier words'. Hay commented that he was 'so confused that I feel that the Attorney-General's Department should be asked as a matter of urgency for an opinion on the scope of the provision' (telex 5363, Hay to DOET, 3 June 1968, NAA: A452, 1970/4521).

8 Territories replied that telex 5363 was 'received with some surprise' because it seemed 'out of accord' with paragraphs 4 and 5 of Document 194 and as the Administration had had a draft of the provision since 28th

7. With regard to the point about increased powers in two years time⁹ the Act does not confer powers on Ministerial Members and they will have no powers unless these are specifically conferred by approved arrangements. Whatever flexibility may be required to give scope for a further move in two years it is necessary for present purposes to define specifically how the arrangement for a sharing of powers is to work in present circumstances.

[NAA: A452, 1970/4521]

196 CABLEGRAM, SHAW TO CANBERRA

New York, 4 June 1968

UN956. CONFIDENTIAL

Secretary-General

The following points emerged in a conversation which I had with the Secretary-General at a lunch which he gave in honour of the Australian Prime Minister at headquarters on 31st May.

[*matter omitted*]

3. In discussing the attitudes of the Australian Government and public to the United Nations, I reminded U Thant that the public were to a substantial extent influenced by the tone and content of resolutions passed by substantial majorities condemning Australia for what it was doing in its external territories. To the people of Australia, and also to the people of Papua – New Guinea, the contents of these resolutions were to a large extent unreal and indeed outrageous. The Australian taxpayer was asked to pay a sum getting towards dollars 100 million a year for the development of Papua – New Guinea, which he did willingly enough but he did not expect to be abused for it. Of some significance to the United Nations itself was the impact on the people of New Guinea—a country which might well become a member of the United Nations—of things said in the United Nations about themselves which appeared to them to be false and offensive.

[*matter omitted*]

[NAA: A1838, 936/3 part 2]

April—and had in fact ‘specifically agreed’ to a provision along these lines. Nonetheless, the Parliamentary Draftsman had been consulted ‘but he does not share your concern’. The telex thereafter dealt with the Administration’s concerns on a point by point basis (telex B270/4667, 4 June 1968, *ibid.*).

9 See Document 194.

197 TELEX, WARWICK SMITH TO HAY

Canberra, 6 June 1968

4713. UNCLASSIFIED PRIORITY PERSONAL

Following is complete text of document for which in harmony with the Minister's existing approval I propose his final approval be anticipated for your purposes within the next few days in relation to discussions with possible nominees for ministerial office.

Arrangements approved by the Minister of State for External Territories pursuant to section 25 of the Papua and New Guinea Act 1949–1968

(a) Ministerial Members

(i) In relation to matters in respect of which the Ministerial Member is to carry out his functions, and in relation to the activities of the specified department dealing with those matters, the Ministerial Member will exercise responsibility jointly with the departmental head including the exercise of such delegation, including financial delegations, as may be authorised. The management and public service aspects of the conduct of the department will remain the responsibility of the departmental head. The Ministerial Member will take part in the formulation of policies and plans and proposals for departmental expenditure, including the preparation of departmental estimates. Policy proposals may be initiated either by the Ministerial Member or by the departmental head. In matters other than those affecting the management and public service aspects of the conduct of the department the Ministerial Member and the departmental head will make recommendations or decisions jointly and these will be formally recorded on departmental papers. In the event of a disagreement between the Ministerial Member and the departmental head which cannot be resolved by consultation between them the matter will be referred to the Administrator for decision.

(ii) In the House of Assembly the Ministerial Member will represent the Administration by answering questions relating to matters in respect of which he is authorised to perform the functions of a Ministerial Member. He will introduce legislation relating to those matters and guide it through all proceedings in the House of Assembly. The Ministerial Member will also give the Administration view on resolutions and motions affecting these matters and generally explain and defend Administration actions in relation to them. In relation to his responsibilities in the House of Assembly it will be necessary for the Ministerial Member to co-operate with the Official Member designated as senior Official Member of the House.

(iii) In the Administrator's Executive Council the Ministerial Member will represent departmental interests in relation to the matters in respect of which he is authorised to perform the functions of a Ministerial Member. These matters include the draft estimates of annual expenditure. He may also initiate proposals for legislation in respect of these matters for submission, with the agreement of the Administrator, to the Council. As a member of the Council he will also participate in the exercise of the functions of the Council generally, as set out in section 19 of the Papua and New Guinea Act.¹

¹ See editorial note 'Changes to the Papua and New Guinea Act'.

(iv) The effective working of these arrangements will require close co-operation between the Ministerial Member and the departmental head. In general the departmental head will tender advice to the Ministerial Member on all matters within the Ministerial Member's competence in relation to the activities of his department. The departmental head may with the agreement of the Administrator attend meetings of the Administrator's Executive Council.

(b) *Assistant Ministerial Members*

(i) The Assistant Ministerial Member will in all cases be consulted by the departmental head wherever possible in relation to recommendations or decisions on matters in respect of which the Assistant Ministerial Member is authorised to perform his functions and the consultation will be formally recorded on departmental papers. Responsibility for recommendations or decisions on such matters lies with the departmental head.

(ii) The departmental functions of the Assistant Ministerial Member include the following:—

- (a) to assist during preparation of bills
- (b) representation at official functions
- (c) to meet official visitors
- (d) to participate in departmental functions
- (e) to participate in preparing budget estimates
- (f) to participate in departmental policy formulation
- (g) liaison with representative public bodies
- (h) such other duties or responsibilities as are determined from time to time by the Administrator.

(iii) In the House of Assembly an Assistant Ministerial Member will represent the Administration by answering questions relating to the matters in respect of which he performs the functions of an Assistant Ministerial Member. He will also assist Official Members in the handling of legislation, resolutions and motions affecting these matters. In relation to his responsibilities in the House of Assembly it will be necessary for the Assistant Ministerial Member to co-operate with the Official Member responsible in the House for these matters and with the Official member designated as senior Official Member of the House.

(iv) With respect to the Administrator's Executive Council the Assistant Ministerial Member may, with the agreement of the Administrator, attend a meeting of the Council, when matters in respect of which he is performing the functions of an Assistant Ministerial Member are under discussion, and may be heard at the meeting.

(v) Assistant Ministerial Members will meet jointly from time to time with the Administrator, Ministerial Members (as appropriate) or senior officers to discuss and study proposed legislation and other matters of Territory interest.

(c) *All holders of ministerial office*

In addition to the foregoing, in the performance of their functions under section 25 of the Act, Ministerial Members and Assistant Ministerial Members should conform with the accepted code of conduct applicable in British countries to Ministers of the Crown. They should also respect the conventions that they will not publicly oppose, in the House of Assembly or elsewhere, policies or decisions that were in accordance with the advice of

the Council and that they will introduce into the House of Assembly only bills and other measures which have been approved by the Administrator.

You will note that the sentences about which you have had some difficulty in relation to policy proposals being submitted in writing have been deleted. The other changes made are purely drafting in character. The text as formally prepared here contains no comma.²

Foregoing subject only to A.G.'s Department's final clearance which we expect later this afternoon and will advise this point as soon as possible.³

[NAA: A452, 1970/4521]

198 TELEX, WARWICK SMITH TO HAY

Canberra, 6 June 1968

4724. UNCLASSIFIED PRIORITY

Following is draft text of code of conduct which as I understand it in the light of comments passed to the department by the Administration ought to be acceptable to you with the possible exception of the preamble which is new. The point of the preamble is to get away from any suggestion that this code of conduct is a legal statement or is binding in precise terms. If the whole text is acceptable to you suggest you use it along with the text of the arrangements under section 25¹ and we will obtain final approval from the Minister within the next few days.

If you have any points of difficulty appreciate immediate advice.²

Begins.

'Papua and New Guinea—code of conduct for holder of ministerial office

There are no precise or legally prescribed rules for the conduct of ministers or holders of ministerial office but over the centuries a generally accepted code of conduct has been evolved in the countries with a British parliamentary system of government. These notes are designed to assist holders of ministerial office understand the position. The Administrator may be consulted in any doubtful case.

² Commas included in the document follow handwritten annotations on the original.

³ Hay responded that 'the only comment I now have' was to request confirmation that the word 'will' in the last sentence of paragraph (a)(iv) should read 'may'. Hay asked for urgent advice 'as we have to put the "arrangements" on a stencil this morning' (telex 5476, Hay to Warwick Smith, 7 June, NAA: A452, 1970/4521). Warwick Smith replied in the affirmative (telex 284/4740, Warwick Smith to Hay, 7 June 1968, *ibid.*). Meanwhile, the role of Assistant Administrators (see Document 188) remained unresolved. Warwick Smith brought back from Port Moresby a draft memorandum from Hay, written in response to Document 172 and which proposed 'an interim arrangement which will ensure that the Assistant Administrators have a responsibility of oversight in the House of Assembly and will enable them also to exercise certain oversight of Departments headed by Ministerial Members in the interim' (draft memorandum, Hay to DOET, 3 June 1968, in NAA: A452, 1968/4245).

¹ Document 197.

² Hay and DOET appear to have agreed on the text below, though no record of ministerial approval has been found (see telex 5476, Hay to Warwick Smith, 7 June 1968, and handwritten note by unidentified DOET officer, 11 June 1968, NAA: A452, 1970/4521).

Before he assumes office a holder of ministerial office should curtail for the period of his appointment his activities in outside interests that could conflict with his public responsibilities including private business and professional practices.

Apart from honorary directorships and directorships connected with charitable organisations or with private companies not primarily engaged in trade but dealing wholly or mainly with family affairs or interests he should also resign any directorships he may hold.

He should disclose in confidence to the Administrator any holdings he has of securities in companies having interests in the Territory whether or not such companies hold Government contracts at the time. He should avoid any situation in which conflict could occur between his private interests and his public duty eg by disposing of any such securities that might give rise to difficulty.

While in office he should not enter into transactions through which his private financial interest might come into conflict with his public duty or accept any favour from persons holding or seeking to obtain Government contracts.

He should not under any circumstances use official information he has received by virtue of his office for his own private profit or for that of his friends, or put himself or allow himself to be put in a position to use his official influence in support of any scheme or in the furtherance of any contract in regard to which he has an undisclosed private interest.

No holder of ministerial office should speculate in securities regarding which through receiving special early or confidential information he may be at an advantage over other people in anticipating market changes.

There should be no practice of journalism or communication with the press in other than an official capacity. This does not preclude writings of a literary, historical, scientific, philosophical or romantic nature.

In addition to these requirements in relation to private affairs, there is an obligation on holders of ministerial office to avoid using or making public for political purposes information received by them in the course of their official duties.³

[NAA: A452, 1970/4521]

3 After consultation between Hay and the Ministerial Nominations Committee (consisting of Lapun, Neville, Diria, Kapena and J.P. Langro (MHA, West Sepik regional electorate)), Barnes approved appointment of the following Ministerial Members: Abal (Agriculture, Stock and Fisheries), Toliman (Education), Kapena (Labour), Giregire (Posts and Telegraphs), Ashton (Public Works), Tore Lokoloko (Public Health; MHA, Kerema open electorate) and Angmai Bilas (Trade and Industry; MHA, Mabusu open electorate). Assistant Ministerial Members were Oala-Rarua (Treasury), Diria (Local Government), Kurondo (Forests), Langro (Information and Extension Services), Watson (Co-operatives), J.A. Lue (Technical Education and Training; MHA, Bougainville regional electorate), Meck Singiliong (Rural Development; MHA, Finschhafen open electorate) and Andrew Wabiria (Lands, Surveys and Mines; MHA, Koroba open electorate). T.J. Leahy (MHA, Markham open electorate) was approved as an additional member of the AEC (submission, Ballard to Barnes, 13 June 1968, NAA: A452, 1970/4521). Ministerial office holders were sworn in on the afternoon of 14 June (telex 5625, Hay to Warwick Smith, *ibid.*). The Administration's selection of these office holders was influenced by a concern to have a representative group. Hay had hoped to include members of Pangu, but given the Pati's decision to form an 'opposition' (see footnote 9, Document 200), the criteria for ministerial representation were focussed on geography. The 17 positions available were split between four regions—highlands, NG mainland, NG islands and Papua (Hay interview, 1973–4, NLA: TRC 121/65, 4:1/31–2).

199 SUBMISSION FROM BOOKER TO HASLUCK

Canberra, 7 June 1968

Australian compliance with General Assembly de-colonisation resolutions

The purpose of this submission is to seek your approval for a reply to a formal request from the United Nations Secretary-General for us to furnish information relating to the steps taken and/or envisaged to implement General Assembly resolutions on decolonisation.

2. Since 1960 when the General Assembly adopted the Declaration on the Granting of Independence to Colonial Countries and Peoples (Resolution 1514 (XV)),¹ the Assembly has adopted a number of resolutions condemning the continuation of colonial administrations and calling for early independence for the remaining dependencies and trust territories. Last year the Assembly adopted Resolution 2326 (XXII), which asked the Committee of Twenty-four to examine the 'compliance' of Member States with Resolution 1514 (XV) and to report thereon to the next session of the Assembly. A copy of Resolution 1514 (XV) and of Resolution 2326, neither of which Australia supported, are attached (Annex A and Annex B).² In April this year the Working Group of the Committee of Twenty-four, presumably in pursuance of Resolution 2326, decided to include a separate item on its agenda entitled 'Compliance of Member States with the Declaration and other relevant resolutions on the question of decolonisation, particularly those relating to Territories under Portuguese administration, Southern Rhodesia and South West Africa'. At the meeting of the Group, the Australian, British and American representatives questioned the need for a separate item on 'compliance', but were as usual over-ruled by the majority. Subsequently on 24th April the Secretary-General sent a note to our Permanent Mission in which he asked for information relating to the steps taken and/or envisaged by Australia in 'implementation' of relevant General Assembly resolutions (on decolonisation). A copy of the Secretary-General's note is attached (Annex C).³

3. It is clear from the wording of Resolution 2326 (XXII), the Committee of Twenty-four's agenda item, and the Secretary-General's note, that the prime targets of the sponsors are the governments of Portugal, South Africa and Southern Rhodesia. This being the case we can be confident that the Committee, and consequently the Assembly, will give scant, if any, consideration to any material provided by administering authorities in response to the Secretary-General's requests. We would therefore see little advantage to be gained out of providing the Secretary-General with an {exhaustive} statement on our position. We understand that British and American officials in New York share this view. At the same time we believe it would be unwise for us to ignore the note, or to confine our reply to a challenge of the right of the Assembly or the Committee to consider this matter. We therefore wish to propose a reply aimed at asserting the legitimacy and bona fides of our present position without arousing undue antagonism amongst anti-colonial members.

4. Our Permanent Mission has recommended a reply to the Secretary-General along the following lines:

'The Permanent Representative of Australia to the United Nations presents his compliments to the Secretary-General of the United Nations and has the honour to refer

¹ See footnote, Document 14.

² Not printed.

³ Not printed.

to the latter's note No.TR.200 dated 24th April 1968 regarding operative paragraph 16 of the General Assembly resolution 2326 (XXII) of 16th December 1967.

'It is necessary to reaffirm in response to the Secretary-General's request that "member states furnish not later than June 1968 information relating to the steps taken and/or envisaged by them in implementation of the relevant General Assembly resolutions" on decolonisation that in respect of the territories under its administration, Australia complies fully with its obligations under the United Nations Charter as shown by the detailed information on these territories which it regularly supplies to the appropriate organs of the United Nations.

'With regard to the question of "compliance" with relevant resolutions as expressed in paragraph 16 of General Assembly resolution 2326 (XXII), which the Australian delegation did not support, it is necessary to reaffirm that resolutions of the General Assembly of the character referred to have recommendatory force only, and do not entail binding obligations on member states.

'In regard to territories under the administration of states other than Australia, the Australian delegation makes known its attitude by its statements in the Plenary and Committee discussions of the situation in these territories, and by its votes and explanations of vote on the relevant resolutions.'

5. We believe that the draft reply proposed by the Mission is satisfactory except that it gives the appearance of avoiding a statement of policy in respect of the future of our dependent territories. As such a statement was made in respect of Papua and New Guinea by the Governor-General when opening Parliament last March, and repeated when he opened the Second House of Assembly in Port Moresby earlier this month,⁴ we believe there would be advantage for us in repeating some of his words about developing the Territory for independence. Copies of both speeches are attached (Annexes D and E).⁵ Then bearing in mind the reference to 'the freely expressed will and desire' of the peoples in resolution 1514 (XV), we believe it would be appropriate to mention the known views of the people in the Territory. These proposals could be met by including the following penultimate paragraph in the above draft:

'The Australian Representative would nevertheless draw the attention of the Secretary-General to the remarks of His Excellency the Governor-General on the occasion of the Opening of the Second Session of the Twenty-Sixth Parliament of the Commonwealth of Australia in March this year, when he said:

"The destiny of Papua and New Guinea is to become a self-governing country developed for independence if and when it is clearly demonstrated by the majority of the indigenous population that this is what they wish. My Government's basic policy for Papua and New Guinea is therefore to develop it for self-determination."

'These same remarks were again stated by His Excellency the Governor-General when opening the Second House of Assembly for the Territory of Papua and New Guinea on 4th June this year. The Representative would also take this opportunity to remind the Secretary-General that the Trusteeship Council sends periodic Visiting Missions to the Trust Territory of New Guinea, and that these Missions also visit the Territory of Papua. A Mission has just completed a visit to the Territory and its Report

⁴ See editorial note 'Territories: changes to the department and portfolio' and footnote 1, Document 200.

⁵ Not printed.

is available to Members of the General Assembly in addition to the Members of the Trusteeship Council. Included in the Report is a sentence which says that “although there was a general feeling that they accepted self-government or independence as their ultimate goal, the people of the Territory made it unmistakably clear to the Mission that they were not ready and certainly did not want it now”.⁷

6. *It is recommended* that you approve a reply being sent to the Secretary-General in accordance with paragraphs 4 and 5 above.⁶

[NAA: A1838, 935/2/5 part 1]

200 PAPER BY HAY

Port Moresby, 19 June 1968

RESTRICTED

Report on the first sitting of the House of Assembly 4–14 June 1968

The purpose of this report is to draw attention to the significant features of the sitting.¹ Details of the legislation passed and of the business conducted have been separately reported in daily teleprinters.

The Speaker

Mr. John Guise was elected Speaker of the House. He performed his task with confidence and with dignity. But only the constant help of the Clerk of the House² and of the Official

6 Hasluck approved the recommendation on 7 June. A copy of the reply, dated 29 June, can be found in NAA: A1838, 935/2/5 part 1.

1 The second House of Assembly was opened by Australian Governor-General Lord Casey. An External Affairs summary of the speech reads: ‘the Governor-General repeated his earlier statements to the Commonwealth Parliament [see editorial note ‘Territories: changes to the department and portfolio’] about the Australian Government’s basic policy for [PNG] being to develop it for self-determination, and for the destiny of [PNG] to become a self-governing country developed for independence if and when it is clearly demonstrated by the majority of the indigenous population that this is what they wish. Later in his address the Governor-General said the Territory was moving towards self-determination—to self-government and later to a decision about its final status. He said advance was essential but a proper balance had to be sought between economic and social, and political, advance, as well as between moving too fast and not moving quickly enough. The Governor-General also referred to the new arrangements for Ministerial Members and the Administrator’s Executive Council as transitional in character, and that they therefore could not be as clear cut as arrangements in the past or as when full Ministerial responsibility and self-government is reached. He foreshadowed that the present arrangements could lead on to new steps forward in the years to come, and that in these matters the Australian Government would be guided by the wishes of the majority of the people of the Territory’ (anonymous and undated paper entitled ‘T.P.N.G. Political Developments’, NAA: A1838, 936/4 part 3; for full text of speech, see savingram AP 63, Canberra to UNNY, 7 June 1968, NAA: A1838, 936/4/11 part 1). The Administrator had criticised an earlier draft speech as relating too much to the past: ‘I can see no point in the speech constituting a defence of the past record of the Government. What Members will look for and what I hope we can give them is a look at the Government’s intentions for the future together with some inspiration which they would expect from a person like Governor-General and which would give them cause to support what the Government intends to do’ (telex 4933, Hay to Warwick Smith, 15 May 1968, NAA: A452, 1968/1540).

2 W.B.P. Smart.

Member for Law, Mr. Watkins, avoided occasional procedural confusion. It will probably take the Speaker a number of sittings to fully master House procedures.

New system of Official Members

There was, as anticipated, some opposition to the appointment of four Official Members from the Department of District Administration.³ Most of this opposition came from members of Pangu. But not altogether. There probably would have been more said on this score had it not been for Michael Somare's initial attack. His remark that the appointment of 'Kiaps'⁴ was an Administrative ploy to control the 'unsophisticated' Highlands bloc irritated Highlanders,⁵ and Mr. Foley's able reply defending the Highlanders, (seen by some as promoting regionalism),⁶ and concerning Somare's comments about 'the stigma of the Kiap's authority', lost Pangu the sympathy of the vast majority of the Members. From the Administration's point of view, the new system has already been useful in helping it explain its legislation to Members of the House.

3 For Administration and DOET preparation of the appointments, see Documents 180–2.

4 A pidgin word for government field officers.

5 In his maiden speech, Somare questioned why the Administration had chosen official members who had knowledge of 'patrol in the bush' rather than 'specialised' knowledge. He expanded: 'the Government made a selection of Official Members from a power department. Is this to control the Highlands bloc in this House? Is it a fact that having a team such as this in the House is to gain support for the Administration? I do not mean to say that they are inexperienced men, their knowledge and experience could be of value to the more inexperienced Members, like myself. If this was the reason for their appointment, then surely field officers from specialist departments could have equally performed this task without the stigma of the kiap's authority. As it is, it looks as though the newly appointed Official Members were put there purposely to herd and shepherd the unsophisticated Members of this House, thus exerting a subtle form of direct rule' (telex 5423, Port Moresby to Canberra, 6 June 1968, NAA: A452, 1968/1922).

6 Foley argued: 'If [the District Commissioners in the House] add up all our years of service, we find that in the collective period of service of over 100 years, only 25 of those years have been spent in the Highlands. Therefore, the statement that new official members have a Highland bias, is wrong ... I now speak on something that worries and angers me ... [Mr. Somare] used the term "stigma of the kiap". What is stigma? We can only use the Pidgin term "shame no good". I am not ashamed of my work in this country—and I know my colleagues here are proud of what they have done'. Foley continued, listing a group of kiaps who he said had made sacrifices for the country, and asking rhetorically whether they were 'shameful men'. He also denied Somare's suggestion that the Highlanders were simple: 'By "simple", did he mean unintelligent? I can assure the leader that in my long time with the Highlanders, they are not unintelligent. Before the Government came, the tribal people had a fine cultural organization ... They had an intensive agricultural system ... In a few short years since they have come under Government influence, they have developed their districts in a manner unparalleled in this country'. Foley concluded: 'I repeat that we are men of Government, and men of good will. We are not here in support of one group and, therefore, in opposition to another ... We are here to help the House, the districts and the country' (*House of Assembly debates*, 6 June 1968, NLA: Nq 328.952 PAP, p. 41). Hay, for his part, has said that the appointment of DC's to the House was 'widely interpreted as a ... nefarious means of keeping Members ... in order. It could have been open to this interpretation, only it was not the intention of the Administration to do this ... and nobody, and this was typical of the critics, ever came and said ... it looks like this, is it in fact the correct interpretation?' Hay explained the job of the DC's as 'liaison with the Members ... there was a real need for that because of the ... difficulty of getting the Administration's view on legislation and government policy understood by Members'. More broadly, he has said that 'Many commentators have seen the House ... as a group ... who were under the thumb of the Administration. I never saw it that way ... the wide latitude that the House had to legislate on almost anything ... made it so difficult for the small number of Official Members who were charged with the responsibility of giving effect to the policies of the Australian Government' (Hay interview, 1973–4, NLA: TRC 121/65, 4:1/24–6).

The Pangu Pati

The number of members of the party remains uncertain. Of those stated to be members ...⁷ Mr. Siwi Kurondo has denied membership, as has Mr. Kaniniba. At least one other member is going to discuss his membership with his electorate which is believed to be opposed to it. There has therefore been some falling away, and as yet no tendency on the part of other younger members to join. The strongly anti-party attitude of many rural Members, and their electorates, is no doubt partly responsible. But I do not by any means discount the possibility of an accretion to the party strength as time goes on. The party showed discipline and, on the whole, restraint in its policy statements.

During the sitting Pangu announced Mr. M. Somare as Leader of the Parliamentary wing, Mr. Paul Lapun Deputy Leader, and Mr. Peter Lus as Party Whip. There is little doubt that during the first sitting, at least, Pangu received a set-back. Firstly, the party itself suffers from a sort of stigma—that of demands for early independence,⁸ and although Pangu has made strenuous attempts to put the record straight, it has met with only limited success. There was certainly nothing radical in Voutas' Pangu policy speech which called for progressive political development by three stages—'immediate home-rule, internal self-government after considerable real political experience with home rule, and ultimate independence'. But to many conservative Highlanders, and to some coastal Members as well, the words 'home rule', 'self-government' or 'independence' are anathema and, consequently, so is 'Pangu'.

Additionally, Pangu's failure to lobby, Somare's tendency to dictate to Members of the House, and their refusal to accept Ministerial positions,⁹ compounded this opposition. It would, however, be premature to say that Pangu's set-back is permanent. There was, both in the lobbies and outside the House, a good deal of sympathy for the Party rejecting Ministerial positions, at this stage. And many of the younger and more educated people regard Pangu Pati as being the most progressive and able group to help them realise their aspirations.

Additionally, an attempt by some elected European Members to lead the attack against Pangu (Neville, Watts,¹⁰ McKinnon), if continued, could lead to a re-action and support for the party by some of the non-committed coastal Members.

All Peoples Party

Little was heard of the only other party represented in the House, the All Peoples Party, other than an announcement by Mr. Jim McKinnon that the name had been changed to the All Peoples Group.

7 Matter omitted is a list in parenthesis of 11 ostensible members of Pangu including Somare, Lapun, Lus, Voutas, Abel, Olewale, Kurondo, Meanggarum, Maloat, Mangobing Kakun (Munya open electorate) and Michael Kaniniba (Huon Gulf open electorate).

8 See footnote 2, Document 122.

9 At the beginning of his maiden speech, Somare announced that Pangu would not accept ministerial appointments because this would involve conflicting loyalties to the party and to the Administrator's Executive Council. He also argued that a 'loyal opposition' was central to the development of democracy in PNG (telex 5423, Port Moresby to Canberra, 6 June 1968, NAA: A452, 1968/1922). Warwick Smith informed Barnes that he had spoken to Hay about whether the 'Senior Official Member ought to point out the difference between the situation referred to by Somare in the House of Reps. and the situation in the House of Assembly'. Barnes responded: 'I see no good purpose in taking this matter further' (marginal notes by Warwick Smith and Barnes, 10 and 13 June respectively, on telex 5479, 7 June 1968, *ibid.*).

10 John Watts, MHA, Western Highlands regional electorate.

The 'Independent Group'

A large number of independent Members have formed themselves into an informal 'Independent Group'. It is believed that the first meetings were organised by Mr. Watts (Western Highlands Regional) and another European Member and was an attempt to 'put Pangu in its place'. At one of the group's meetings the decision was made to oppose Somare's motion for an enquiry into the Territory's electoral system.¹¹ If the group continues to operate it could be a potent force in the House, and a means of helping rural Members to understand new legislation. It is too early to draw any conclusions as to the attitude of the leading members of this group towards important Administration policies. There may be an attempt to use its voting strength (though there is no obligation on those who attend its meetings to vote in any particular way) to promote policies of regional interest (e.g. the Hagen–Madang road) or sectional interest (members of the group are known to be in touch with business leaders outside the House who will no doubt have strong views on such matters as taxes and growth of the public service). But in general the group is conservative and moderate in outlook, and for the foreseeable future the co-operation of its members is likely to continue, provided the Administration is able to put its views to Members in good time and provided the Official Leader retains some room for manoeuvre within the limits of policy.

The Younger Members

Although it is too early to ascertain who will be the influential leaders in the House, a number of speakers spoke eloquently and displayed promising qualities. Notable among these were: Mr. Michael Somare, Mr. Tony Voutas, Mr. Ebia Olewale (all of Pangu Pati), Mr. Tei Abal, Mr. Julius Chan¹² and Mr. Walter Lussick.¹³ Among the new Official Members, Mr. M. Foley, District Commissioner, showed himself to be a forceful and persuasive speaker and a person who 'spoke the people's language',—especially the Highlanders'. The contributions of other younger Members, such as Mr. Paulus Arek,¹⁴ Mr. Daniel Bokap,¹⁵ Mr. Oscar Tammur and Mr. John Maneke,¹⁶ will improve as they gain experience.

There is now a very noticeable gap among indigenous Members in the House, between the levels of articulation and comprehension of the younger and more educated men, and the less sophisticated, the latter of whom are mainly Highlanders. There is clearly evidence of some envy and resentment on the part of the less sophisticated towards the former group.

Main themes in questions

Questions were numerous and in the main parochial. Members regard the answers to questions (even if negative) as evidence to their electors that they have been doing their jobs.

Main themes in address-in-reply and adjournment debates

The Pangu Pati put forward three coherent and moderate statements on its political, constitutional and economic aims.

11 Somare called for an inquiry into, inter alia, minimum voting age, residential qualifications and use of the 'whispering vote' designed for illiterate people (*House of Assembly debates*, NLA: Nq 328.952 PAP, p. 93).

12 MHA, Namatanai open electorate.

13 MHA, Manus and New Ireland regional electorate.

14 MHA, Ijivitari open electorate.

15 MHA, Kavieng open electorate.

16 MHA, Talasea open electorate.

Many speakers emphasized in maiden speeches and during Adjournment Debates the need for unity in the Territory, and especially between Papuans and New Guineans. This discussion was somewhat stimulated by the disturbances which occurred in Port Moresby on the week-end 8/9th June.¹⁷ Some Members accused Pangu of being a potentially disruptive force which would work against unity. In connection with this discussion, the need for a vigorous political education programme was often expressed.

Another matter consistently referred to was the need for the Administrator to give more financial assistance to teachers in Mission schools. The Catholic Mission has been most active on this matter in seeking support of Members outside the House. We can expect increasing pressure.

Some Members referred to what they termed as 'Canberra interference'.

Private Members motions, etc.

Pangu initiatives for a select committee on procedures and a Commission of Enquiry into the electoral system were adjourned. This was forced in both cases not because the proposals were unacceptable but because certain Members (notably Mr. Tei Abal) were not prepared to vote for any Pangu initiative at this stage. It is likely that alternative means will be found (e.g. through a younger independent Member) to introduce them again at the next sitting.

A private motion by Mr. Lepani Watson for a parliamentary mission to Tonga and Western Samoa to investigate the use of volunteers was defeated 28 votes to 46 but not before supporters of the motion had scored a point regarding Administration expenditure on sending officials overseas. Also, some Members expressed in the lobbies the view that the Administration was 'afraid' of allowing Overseas volunteers into the Territory.

Five Members were appointed to a select committee to investigate ways and means whereby a superannuation scheme for Members could be implemented. This is to report to the House at its third meeting.

There were no overt suggestions for the revival in some form of the Select Committee on Constitutional Development, but the matter is evidently in the minds of some Members.

The committees

There was a tendency for European Members to lobby hard (and successfully) for membership of what are regarded as the two main committees (Public Works and Public Accounts), both of which are not well balanced on that account. But we see greater hope for keeping the latter within reasonable limits than in the last House. The Ministerial Nominations Committee has established the practice of its members resigning if nominated for Ministerial office, but there is a danger that membership of it may be regarded as a necessary stepping stone to office.

Use of pidgin

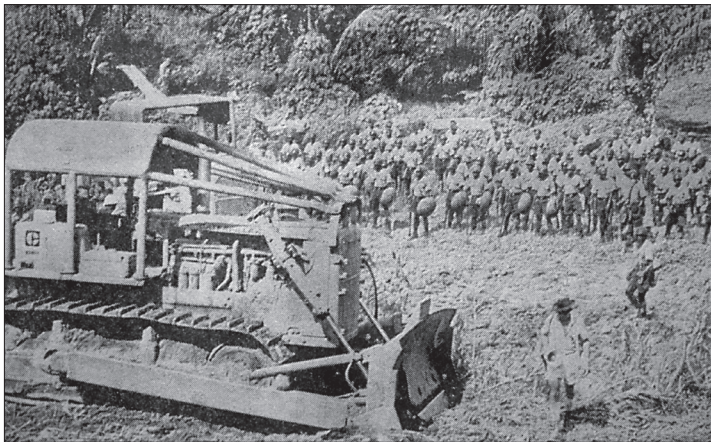
It is significant that Pidgin English has gained wide usage in the House. Those articulate in Pidgin, particularly among the European Members, are more likely to strongly influence proceedings in the House. House translation services, incidentally, especially from Pidgin to English, were on the whole deplorable. The Hansard records must consequently suffer.

¹⁷ See Document 207.



Confrontation at Rorovana, August 1969: following months of tension over Administration plans to acquire land for the copper mine's port, police scuffled with protesters and fired tear gas during surveying and clearing of the site. These incidents provoked a furore in the Australian press and prompted Prime Minister John Gorton to become more interested in PNG policy.

[PAPUA – NEW GUINEA POST-COURIER]



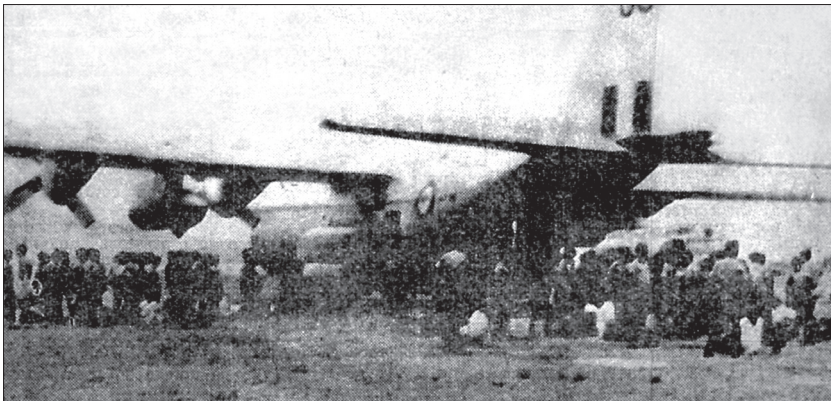
D.N. Ashton, District Commissioner of Bougainville. Hay felt that Ashton 'over-reacted to the very difficult situations he found himself in in 1968 and 1969 and finally, at the confrontation near Kieta in August of 1969, he appeared with a tin hat on his head ... He looked like a police officer ... because he was with a police riot squad with all their equipment—and that was the last thing that a field officer should do and get himself photographed in the paper'.

[PAPUA – NEW GUINEA POST-COURIER]



Rabaul, September 1969: after attempts by the Matuangan Association to interfere with the operations of the local government council, Hay despatched massive police reinforcements to the town. The Mataungan action was, he said, 'a deliberate act of defiance of the law and ... a challenge to authority taking place against a background of a good deal of tension ... this had to be treated as an extremely serious incident'. During a commission of inquiry, academic Scarlett Epstein said that the Matuangan Association was 'principally concerned with self-government' and she warned that it 'had ingredients of Mau Mau'. 'The Tolai [people]', she explained, 'have a history of secret societies which were stamped out by the Germans. These could revive in conjunction with the present programme of mass meetings'.

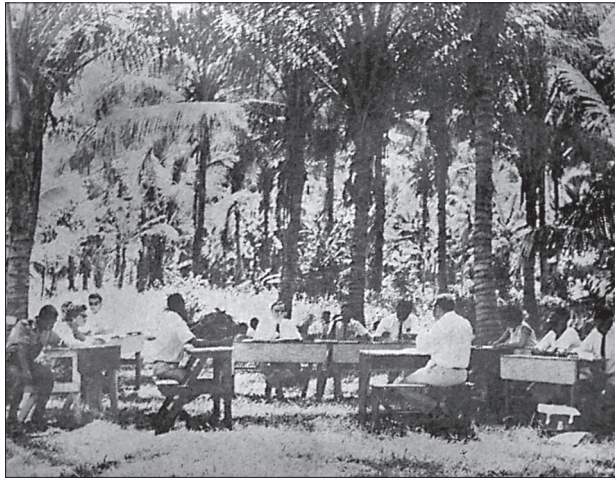
[PAPUA – NEW GUINEA POST-COURIER]



Police back up arriving in Rabaul, above, and, below, guarding a key installation, September 1969. Hay believed police 'should be used in the mass' so that 'it was quite evident [to those in opposition] that they couldn't tackle a force that was so heavily outnumbering them, then there wouldn't be violent resistance and you would avoid the necessity for the police to use extreme measures'.

[PAPUA – NEW GUINEA POST-COURIER]





An open session of the commission of inquiry into unrest on the Gazelle Peninsula. Internally, the commission was marked by disagreements between its head, P.D. Connolly, and its academic adviser, Scarlett Epstein. Epstein believed that Connolly was ill-equipped for his role, condemning him as 'not with it'. Connolly, for his part, thought Epstein was too close to the Mataungans and he blocked her attempts to submit a minority report. Hay supported this move, but he was disappointed with the commission's findings, feeling that they reinforced previous Government policy '100 per cent' and provided no opportunity for a change of direction.

[PAPUA – NEW GUINEA POST-COURIER]

T.W. Ellis, Director, Department of District Administration, PNG, and later Secretary of the Administrator's Department. Ellis was Hay's point man on practical issues, including crises in Bougainville and East New Britain. Hay conceded that Ellis was a 'very dictatorial sort' who was 'rough and in some senses brutal', but he admired Ellis' 'loyalty and ... deep sense of responsibility'.

[SOUTH PACIFIC POST]



Degree of understanding of proceedings by generality of Members

Since the great majority of Members were new to the House, it was only to be expected that their understanding of the procedures and of the proceedings would be limited. This, in fact, proved to be the case but it did not cause any particular complaint or, so far as is known, feeling of frustration on the part of the new Members. Many of them took it for granted (and this included the new, more educated and younger group) that it would take them some time before they were able to participate with a reasonable degree of understanding. However, the main limitations on the possibilities of understanding proceedings remained. These include the speed with which often business has to be conducted, the difficulty of getting prior notice of legislation and adequate advance explanation of it, difficulties of adequate translation into Pidgin, the complexity of the system, and finally the fact that new Members do not know where to turn for advice on what to say in debates and how to say it. The latter fact is one which will matter increasingly to the younger Members who will no doubt feel that they ought to contribute positively to debates, but who need assistance and advice from persons who have experience in the House of Assembly to ensure that their contributions are positive and to the point and do not cause them to lose face so far as their colleagues and the general public are concerned.

[NAA: A452, 1968/3178]

201 MINUTE, BESLEY TO GALVIN

Canberra, 24 June 1968

U.N.D.P. Special Fund projects

The substance of your minute (folio 78)¹ was discussed briefly at the Senior Officers' meeting this morning.

2. The question of the international aid as such was considered and two broad bases emerged. Namely:—

- in general we should steer clear of aid in the training and teaching field as this is a matter which can be more appropriately handled by Australia. This does not preclude however specialist type assistance in the way of educational equipment or buildings; and
- there is no point in seeking international aid for the sake of having it. Every project must be justifiable in its own right and in keeping with the Government's present policy emphasis needs to be placed on economic type international aid e.g. the road survey or the provision of capital equipment

[*matter omitted*]

[NAA: A452, 1968/1573]

1 In a minute to Besley, Galvin referred to the urgency of forwarding a Special Fund proposal to the UNDP Council and mentioned that a feasibility study of forestry and fisheries had not produced a project. Moreover, the Administration had not reacted to suggestions regarding vocational training and labour intensive advising—'We appear', he wrote, 'to be left with a possible *mini* Special Fund project ... on [the] Co-operative College' (dated '6/68', NAA: A452, 1968/1573).

202 MINUTE, ROSE TO GALVIN

Canberra, 25 June 1968

U.N.D.P. Special Fund projects

Whilst I agree with the views expressed in the second part of para 2, folio 79,¹ I am depressed by the negative philosophy on aid that it implies.

2. Surely our attitude should be—

(a) Let us integrate aid into our development programme

(b) Let us take advantage of aid where we can on the principle that there is no point in ourselves paying for something that can be readily financed from other sources.

3. There is, of course, a serious problem in connection with problem 2(a) above—we haven't got a development programme. This is not merely an academic question; in seeking to obtain certain aid (particularly from the Revolving Fund and T/A² Contingency Allocations) the first of a number of criteria laid down by the U.N.D.P. is—

‘The need must be urgent and documented in terms of the specific economic and social development plans of the country concerned.’

The best we can do at the moment is point to the World Bank Report as our general guide to development.

4. I am concerned that—

(a) the Administration's general ineptitude on aid,

(b) its bad public relations on the Goroka project in particular and on dealings with experts in general, and

(c) our own apathy,

could lead to the drying up of aid, even at this early stage. The situation could easily be reached of our not being able to get aid that we badly need.³

[NAA: A452, 1968/1573]

1 Document 201.

2 Presumably, technical assistance.

3 In a marginal note of the same day, Galvin wrote to Besley: ‘Mr Rose and I should like to talk to you when convenient’. Besley replied on 26 June: ‘Gladly—next week. Para 2 is not meant to propound a “negative philosophy”. It is accepted by all who discussed aid that we need much more, our share at the moment being quite minute, but we need a specific project which has been well thought out, fully documented & which is slanted towards our area of maximum effort—ie economic development. I agree however that something needs to be done to stop the rot further’ (NAA: A452, 1968/1573).

203 LETTER, MCMAHON TO GORTON

Canberra, 25 June 1968

The Board of the International Bank for Reconstruction and Development will meet in Washington on 25 June to consider a \$US7million (\$A6.2million) loan for Papua and New Guinea for a major telecommunications project in the Territory.¹

Assuming a favourable decision by the Board, this will be the first international loan for the Territory and I have therefore thought you would appreciate having some of the details.

The Territory Administration will be the borrower and the Commonwealth will enter into an agreement with the Bank guaranteeing repayment of principal and payment of interest and other charges.

The loan will be repayable over a period of fifteen years, with the first repayment due in 1973. The interest rate is expected to be 6¼ per cent. Drawings will extend over four years to 1972, which is the construction period for the project.

The loan and guarantee agreements will be executed in Washington before 30 June, but the signed agreements will be subject to ratification by the Territory House of Assembly and by the Commonwealth Parliament. Legislation for the guarantee agreement will need to be introduced in the Budget sittings, as the Bank requires the agreements to be effective by 31 October 1968.²

There have also been discussions on a slightly smaller loan from the International Development Association (I.D.A.) for a package of agricultural and livestock development projects in the Territory. Loans from I.D.A. are free of interest, although there is a small service charge, and are repayable over a period of fifty years. We hope to commence negotiations for this loan in August.

[NAA: A1209, 1964/6549 part 1A]

204 DRAFT MINUTE BY UNIDENTIFIED DOET OFFICER¹

Canberra, undated

Papua and New Guinea: arrangements for reference of bills to Department of External Territories

Following discussions, it was agreed in 1964 with the Administrator that any proposal for an official Bill, which involves new principles, or principles which are not covered adequately by approved policy, will be referred to the Department for submission of policy issues to the Minister. It was also agreed that official Bills for Ordinances which are required to be reserved for the Governor-General's pleasure together with money Bills, will combine to be forwarded for the Minister's consideration *before* introduction into the House of Assembly.

¹ For background, see Document 187.

² The IBRD announced its approval of the loan on 27 June (see *Current Notes*, vol. 39, 1968, p. 298).

¹ The minute was drafted for Ballard's signature and addressed to Warwick Smith.

2. With regard to private members' Bills it was agreed that circumstances will determine the matter but the overriding principle is that, to the greatest extent possible, there should be reference to the Minister on the attitude to be taken by official members on Bills which raise new policy issues or principles not covered adequately by approved policy. It was further agreed that where the usual procedures of consultation are not practicable, the earliest possible advice of policy considerations raised by a Bill will be given to the Department by telegram or telephone.
3. The abovenamed agreements were confirmed in writing in memoranda between the Secretary and the Administrator.
4. It appears, therefore, that as no further agreement to the contrary has subsequently been reached, the department is entitled to expect that proposals for Bills involving new policy and copies of official Bills for Ordinances which are required to be reserved or money Bills will be forwarded for consideration prior to introduction of the legislation into the House.
5. The Administration did not adhere to the abovenamed arrangements for the House of Assembly Meeting concluded last month.²

[NAA: A452, 1968/2631]

205 LETTER, HAY TO WARWICK SMITH

Port Moresby, 1 July 1968

CONFIDENTIAL

Administrative arrangements—Assistant Administrators¹

The purposes of this letter are (a) to recommend formally to the Minister that the Administrative Arrangements Ordinance 1961 be amended by deleting Sub-section (b) of Section 10² and (b) to submit up-to-date duty statements for the Assistant Administrators.

2 In following months, DOET used an invitation to join the Administration's Legislation Committee as an opportunity for tightening the procedures for clearance of official bills. It was thought that the presence of a Canberra-based officer would improve awareness in the Department of forthcoming bills that involved new issues of principle (minute, Ballard to Warwick Smith, 23 January 1969, NAA: A452, 1968/2631). But there were also significant changes to the procedural status of the Committee. By using the Committee to preside over the restoration of an old Standing Order of the House of Assembly—namely, that all bills be circulated three weeks prior to the meeting of the House—Barnes, the Department, and the Administration hoped for greater opportunity to prepare policy responses to private Members' bills (see loc. cit.; telex 2048, Ballard to C.J. Lynch (Legislative Draftsman, Department of Law, PNG), 17 February 1969, *ibid.*; and telex 9840, Hay to Warwick Smith, 13 December 1968, *ibid.*). Indeed, the Government was concerned about the frequency with which private bills were being tabled at short notice and passed rapidly (see, for example, Documents 200, 226 (footnote 17) and 253).

1 For context, see Document 188 and footnote 3, Document 197.

2 It required that the functions and duties of Assistant Administrators be described in a gazette notice (see minute, Ballard to Warwick Smith, 4 July 1968, NAA: A452, 1968/4245).

The amendment to the Administrative Arrangements Ordinance is consistent with the conclusions and recommendations of the Public Service Commissioner and myself contained in the review of the top structure of the Administration ...

The recommendation for amendment is based on:

(a) What I believe to be considerations of sound administration ...

(b) The need for some adjustment to the developing constitutional situation. I refer to this in my letter to the Secretary, LH.369 of 23rd June 1967.³ In that letter I said ‘...⁴ the role of Assistant Administrators needs to be seen against a background of gradual evolution of the Administrator and his office and the Administrator’s Department towards, in the long term, a Prime Minister’s Office or Department ... The other new elements of the situation in 1968 will be the presence of Ministers and Assistant Ministers, with the former having equal status to Departmental Heads. This will inevitably affect the supervisory and authorising role of the Assistant Administrators. Thus we should perhaps now aim at using them in the role of senior advisers to the Administrator who could, in addition, while still being called Assistant Administrators, chair important inter-departmental committees, be members of the House, and responsible for the presentation of major Administration policy in it, and also be members of other important committees and, in addition, have delegations from the Administrator to take certain executive actions required by Territory Ordinances, such as approval of mining leases, etc.’

I emphasize that I do not recommend that the office of the Assistant Administrator *now* become an advisory one. Holding formal delegation and formal instructions from the Administrator, the Assistant Administrators will have authority where required over the Ministerial Members and Assistant Ministerial Members, whose ‘administrative functions ... would be derived from the Administrator’ (Minister’s Second Reading Speech, 2nd May 1968, on the amendments to the Papua and New Guinea Act). This is a different situation to the present one in which the Assistant Administrators’ authority derives from a Territory Ordinance (the Administrative Arrangements Ordinance Section 10(b), referred to above).

The necessity for this kind of arrangement is made clear by reference to the House of Assembly. So far as the House of Assembly is concerned, it is abundantly clear that the Assistant Administrators, and in particular the Leader of the Official Members, must have a degree of oversight over both other Official Members and, as well, other Ministerial and Assistant Ministerial members. Any other arrangement would be inconceivable. The co-ordination of the work of those representing the Administration, whether as Official Members or Ministerial or Assistant Ministerial Members, is essential. There is no-one else to whom the Administrator could turn for such a task other than the Senior Official Member and the Assistant Administrator.

My intention, subject to the Minister’s approval, is to issue a formal instruction specifying the duties of Assistant Administrators as follows:

³ Document 124.

⁴ Ellipsis and that following is in the original.

Assistant Administrator (Economic Affairs)

Leader of the Administration in the House of Assembly and responsible for policy questions relating to the Departments of the Administrator and of Forests in the House.

Senior Official Member of the A.E.C.

Senior Official Member of the I.D.C.C.

Chairman, Land Development Board (an I.D.C.C. Committee).

Chairman, Special I.D.C.C. Committee on Bougainville development.

Supervision and co-ordination of Land Resettlement Schemes.

Initiation, supervision and co-ordination of major development projects involving more than one Department.

Delegate of the Administrator in respect of:

All responsibilities of the Administrator under Enactments administered by the Departments of Agriculture, Stock & Fisheries; Forests; Lands, Surveys and Mines; Posts and Telegraphs; Trade and Industry; except for those responsibilities delegated to holders of Ministerial office and Departmental Heads and including Administrator's responsibilities in respect of statutory authorities set up by these Enactments (e.g. Copra Marketing Board).

Assistant Administrator (Services)

Second ranking Official Member of the House of Assembly; responsible in the House for policy issues relating to the Public Service, the Department of Information and Extension Services and the Police.

Official Member of the A.E.C.

Member of the I.D.C.C.

Chairman, Works Consultative Committee (an I.D.C.C. Committee)

Chairman, Public Relations Advisory Committee (an I.D.C.C. Committee)

Represents Administration in all matters relating to tertiary education.

Responsible for adherence to works programming procedures and to authorised architectural and construction standards.

Delegate of the Administrator in respect of:

All responsibilities of the Administrator in respect of Enactments administered by the Departments of Education, Labour, Public Health and Public Works, except for those responsibilities delegated to holders of Ministerial office and Departmental Heads.

Liaison, on behalf of the Administrator, with Commonwealth Departments and authorities operating in the Territory.

I am convinced, on the basis of the considerations set out in this letter, that the classification for Assistant Administrators proposed by the Public Service Commissioner in his memorandum of 28th June,⁵ namely one full range above that of the Senior Departmental Heads, is fully justified.

[NAA: A452, 1968/4245]

⁵ Not printed.

Administrative delegations and the role of Assistant Administrators

The role of Assistant Administrators under the new constitutional arrangements was debated further in the latter half of 1968—as were specific administrative delegations.¹ While Territories was considering Hay's communication of 1 July (Document 205), Barnes sent a letter to the Administrator outlining the principles and proposed scope of these delegations. He wrote that

For constitutional development reasons there should be greater devolution of authority to the Administrator and the Administrator's Executive Council. However the Minister remains responsible for all actions of the Administrator ... and the Minister must always be satisfied that proper administrative means exist for the effective exercise of delegations or authorisations and for the adequate surveillance of them by the Minister.²

A lengthy attachment to the letter detailed precise suggestions on financial and works authorisations, which Hay deemed 'generally acceptable, indeed welcome'.³ Nonetheless—and re-igniting the earlier debate—he objected to the recommendation in the attachment that 'Assistant Administrators ... have no authorisation in respect of requisitions for Departments to which Ministerial Members have been appointed except that in the absence of the Administrator from Port Moresby they may exercise the Administrator's authorisation on behalf of the Administrator'.⁴ Pointing to his letter of 1 July, Hay countered that Assistant Administrators could hold delegations for capital works and purchases, maintenance and departmental expenditure.⁵ Covering by now well-worn ground, Warwick Smith retorted:

The difficulty I see about delegations to Assistant Administrators in respect of departments which have Ministerial Members is to determine how they fit into the political picture in relation to Ministerial Members. The suggestion about authorising on behalf of the Administrator was aimed at meeting practical needs.⁶

These matters were discussed between Barnes, Warwick Smith and Hay on 29 July.⁷ Hay argued his position strongly, and while there was agreement in principle over works authorisations, the substantial problem relating to the place of Assistant Administrators remained.⁸

Another meeting occurred in October. Warwick Smith raised the Department's difficulties with the letter of 1 July, referring particularly to the idea that Assistant Administrators would be 'delegate of the Administrator in respect of all responsibilities of the Administrator under enactments administrated by ... Department[s]'. Hay replied that 'he had not intended to hand over his authority to the Assistant Administrators under all these enactments and that it was necessary to categorize delegations respectively to Departmental Heads, Assistant Administrators and Ministerial Members ... also ... the [delegation] duty statement should include a statement that the Assistant Administrators were to be Senior Policy Advisors to the Administrator'.⁹ The exchange satisfied neither party, and disagreement continued into 1969.

1 For background on the issue of delegations, see Document 144.

2 Letter, Barnes to Hay, 3 July 1968, NAA: A452, 1968/4245.

3 Telex 6357, Hay to Warwick Smith, 18 July 1968, *ibid.*

4 Attachment to letter, Barnes to Hay, 7 July 1968, *ibid.*

5 Telex 6357, Hay to Warwick Smith, 18 July 1968, *ibid.*

6 Telex 5525, Warwick Smith to Hay, 23 July 1968, *ibid.*

7 Letter, Hay to Warwick Smith, 1 August 1968, *ibid.*

8 *cf. loc. cit.* and notes of meeting between Warwick Smith, Hay and Somers, 15 October 1968, *ibid.*

9 *loc. cit.*

206 LETTER, BARNES TO FAIRHALL

Canberra, 3 July 1968

TOP SECRET

When Malcolm Fraser and you and I had our talk last October about the size of the PIR¹ we agreed that a strength of about 3,000, including ARA members, would be reasonable and that the question should be put to Cabinet. Army was to prepare a joint submission in consultation with the Departments of External Territories and Defence.

Subsequently it was suggested—and the suggestion appeared reasonable—that the Defence Committee ought perhaps to be consulted before the matter went to Cabinet.²

What with one thing and another I find that since our agreement in October last no Cabinet Submission has yet been prepared and in the meantime the strength of the force has increased from about 2,200 native members plus 550 ARA to about 2,450 native members plus 650 ARA.

I should be grateful if you could speed up a decision on the PIR strength and if further recruitment could be stopped pending such a decision.

[NAA: A452, 1968/2441 part 2]

207 MIS NO. 6/68

Port Moresby, 5 July 1968

SECRET

[*matter omitted*]

Item 421: Internal security—indigenous brawling in Port Moresby

Brawls which began at the BOROKO football ground, at the conclusion of a Papua versus New Guinea representative match on the afternoon of Sunday 9th June, 1968, spread to various parts of the town. The fighting was between Papuans and New Guineans, predominantly Highlanders and coastal people until brought under control by police action some four hours later.

On 10th June, 1968, minor incidents at the Agricultural Show in PORT MORESBY sparked off further disturbances. As on the previous day, brawling quickly became wide-spread involving both small and large groups at various scattered areas of Port Moresby. The disturbances were quelled by about 7 p.m., some five hours after the initial incident at the show grounds.

Although these disturbances resulted in the arrest of 133 persons and caused considerable tension among the indigenous population in and around Port Moresby, press reports tended to be coloured and exaggerated.

During the brawling on both days, no weapons other than sticks and stones were used; no persons were seriously injured; no attempt was made to attack any member of the Police

¹ Document 145.

² For background, see editorial note 'Pacific Islands Regiment: ongoing debate over its size and role'.

Force; nor were any Europeans or Asians involved. Police resources were adequate to control the brawls with a number of police still held in reserve. During the following week, rumours of a 'payback' by the Papuans, as well as unfounded stories of deaths and continuing clashes, maintained tension. However, there were no further incidents.

Similar disturbances which are a manifestation of the rivalry between Papuans and New Guineans in general, and of the resentment held by Highlanders towards coastal dwellers in particular, could occur in the future with little or no warning. Little excuse is required to kindle disturbances of this nature.

Item 422: political development—Pangu Pati

(i) The present known Parliamentary membership of PANGU PATI is 9, having been reduced from the original twelve elected members by the election of John GUISE as the Speaker, Siwi KURONDO accepting Ministerial appointment and Ebia OLEWALE resigning at the direction of his constituents. It is believed that PANGU PATI officials are themselves unsure whom their true supporters are.

It is reliably reported that PANGU PATI is having financial difficulties; the Secretary, Albert MAORI-KIKI, is not being paid. Parliamentary members of PANGU have agreed to subscribe \$20 per month to party funds from their parliamentary salaries to assist in overcoming these difficulties.

(ii) A prominent TOLAI, Thomas TOBUNBUN, who is also President of the RABAUL Workers' Association, has written to the Executive Committee of PANGU PATI, requesting assistance in the formation of a Branch of the Party at RABAUL.

[*matter omitted*]

Item 423: political development

At the first meeting of the new House of Assembly there were indications of mounting feeling against PANGU PATI. Primarily, the feeling appears to have been a reaction against the over-sophisticated and somewhat supercilious manner adopted by some PANGU speakers in the Assembly.

On 14th June, 1968, a meeting of more than 50 members of the House of Assembly, who are not members of PANGU PATI, was organised in PORT MORESBY by John WATTS (M.H.A. for Western Highlands), Jason GARRETT (M.H.A. for Madang) and Noel CASEY (M.H.A. for Kainantu). It is reported that the object of the meeting was to decide on action to be taken in the House which would 'put PANGU PATI in its place' and show PANGU that it could not dominate the affairs of the House as it had been trying to do.

Later that day, when the House was in session, coordinated action by this group resulted in the adjournment and eventual withdrawal of a PANGU PATI motion for a Commission of Enquiry into the electoral system. Official Members had indicated that they would support the principle of the motion.

This tends to corroborate earlier information from sources considered fairly reliable that John WATTS, M.H.A., is proposing the formation of a 'Conservative Bloc' to oppose radical issues which PANGU PATI may raise in the House.

It is not known if the show of strength on the part of independent members represents a temporary marriage of convenience or the organisation of a permanent 'conservative' bloc.

[*matter omitted*]

208 SUBMISSION NO. 168, BARNES TO CABINET

Canberra, 9 July 1968

CONFIDENTIAL

Grant for Papua and New Guinea Administration in 1968/69

1. This submission seeks approval for a Commonwealth grant of \$87.0 million to the Papua and New Guinea Administration in 1968/69. The grant for 1967/68 was \$77.6 million.
2. The proposed grant is needed to finance development in the first year of the proposed five year development programme. This programme and basic policies for the development of Papua and New Guinea and for Commonwealth aid to the Territory over the five years commencing 1968/69 are discussed in a separate submission entitled 'Papua and New Guinea Development Programme'.
3. Comparing the proposed 1968/69 Administration budget with the estimated results for 1967/68—
 - total expected to rise from \$135.9 million to \$154.5 million—i.e., up 13.7%;
 - internal revenue up from \$49.90 million to \$56 million, 12.2% increase, new revenue measures to be introduced to achieve this;
 - loans up from \$8.40 million to \$11.5 million, including \$1.5 million from the World Bank;
 - share of the budget provided by Commonwealth grant would decrease from 57.1% to 56.3%—continuing the policy of reduction in dependence on the Commonwealth; the figure in 1961/62 was 67.8%;
 - of the proposed increase of \$18.6 million in the total budget, the Commonwealth is asked to provide \$9.4 million, or 50.5%;
 - because direct expenditure by Commonwealth Departments and non-commercial instrumentalities is expected to fall by \$8.3 million in 1968/69, the net increase in Commonwealth expenditure in the Territory in 1968/69 will be \$1.1 million compared with \$3.34 million in 1967/68 and \$6.26 million in 1966/67, and the proportion that total Commonwealth expenditure represents of total Government expenditure will continue to decline from 67.8% in 1966/67 to 65.2% in 1967/68, to 62.6% in 1968/69.

Receipts

4. In 1967/68 internal revenue fell short of the budget estimate of \$55.0 million by about \$5 million. This short fall is attributed largely to the decline of \$4.4 million in direct Commonwealth Departmental expenditure in the Territory in 1967/68 following increases of \$12.4 million and \$8.5 million in 1965/66 and 1966/67, respectively. Although the estimated decline of \$8.3 million in such expenditure in 1968/69 is almost twice as great as the amount of the decrease in 1967/68, the effect of this on internal revenue collections is expected to be offset to a large degree by the spill over in {to} 1968/69 of greatly increased export income in 1967/68. Having regard to the likely movement in the principal revenue generators, it is estimated that internal revenue will rise in 1968/69 by about 12%, allowing for the collection of \$1 million from new revenue measures (these do not provide for any variation in the higher uniform rate of income tax for companies

imposed in 1967/68). However, because of the sharp decrease in direct expenditure by Commonwealth Departments the rate of growth in internal revenue which averaged nearly 22% in the past three years and which resulted in an 80% increase in internal revenue over that period cannot be expected to continue. The long term rate of growth is expected to be nearer 12%—the estimated growth in 1968/69. For some years to come, internal revenue will not reflect much of the increasing expenditure of recent years on expanding the productive potential of the Territory.

5. Excluding estimated borrowing (of \$1.5 million) from the World Bank which will occur for the first time in 1968/69, loans in 1968/69 are estimated at \$10.0 million which is \$1.6 million or almost 20% more than loans of \$8.4 million in 1967/68.

6. The remaining item of receipts is Commonwealth Grant which has been included in the draft Territory budget at \$87.0 million.

Expenditure

7. In the formulation of the draft Territory budget priority has again been given to those expenditures which should directly expand the productive potential of the Territory. The functional classification of the proposed budget, given in Attachment 'A',¹ shows an increase in the proportion of the budget devoted to the Commodity Producing Sector and a substantial increase for the whole of the Economic Sector. In 1968/69, 33.2% of the budget is for economic development,² compared with 30.7% in 1967/68.

8. The principal elements in the proposed budget increase of \$18.6 million are shown at Attachment 'B'.³ This increase is required to give effect to the Government's enunciated policy of economic, political and social advancement of the people of the Territory.

9. An estimated increase of \$4.6 million for salaries reflects the growth in the Territory Public Service. The net gain in overseas staff achieved in 1967/68 is estimated at around 300, compared with slightly under 200 in 1966/67, and funds have been provided in the draft budget for a net gain of 340 in 1968/69. For some time yet both the expatriate and indigenous components of the Public Service must grow to enable substantial progress towards policy objectives and for effective administration. From 1st July, 1968, there will be no further recruitment of expatriate officers to fill positions of base grade clerk and below.

10. Associated with the growth in the Public Service is an increase of almost \$1 million in administrative expenses (duty travel, leave travel, motor transport, post and electricity charges, printing and incidentals). This increase is unavoidable if the Service is to be used effectively.

11. Expenditure on Capital Works and Services, including the capital works and services of the Harbours Board and Housing Commission financed from the budget, is expected to

1 Not printed.

2 Non-economic expenditure consisted of 34.6% for social services and 32.2% for administration and law and order.

3 Increases were recorded for salaries (\$4.6 million), statutory authorities (\$2.1m), public borrowing (\$1.5m), maintenance (\$1.4m), tertiary education (\$1.1m), telecommunications (\$1.4m), agriculture and education (\$0.7m each), capital works (\$0.9m), purchases (\$0.6m), taxation rebates (\$0.3m), and administrative expenses (\$1.0m).

rise by \$2.4 million or about 10%. The main increases are for development of roads and wharves.⁴

12. An additional \$0.6 million required for the Electricity Commission is largely in respect of generators for the Rouna Hydro Electric Power Station which were to have been delivered in 1967/68 but which will now be delivered in 1968/69.

13. The combined budget provision for the University of Papua and New Guinea and the Institute of Higher Technical Education is \$5.1 million, which is \$1.1 million more than in 1967/68. This is the minimum provision necessary to enable these tertiary education institutions to develop in accordance with the proposals submitted to the Government at the time it approved their establishment. The provision made for the Institute of Higher Technical Education anticipates a Government decision on the strength of the P.I.R. which would release existing buildings at Lae for use by the Institute, thus deferring further expenditure of about \$300,000 on accommodation for students and indigenous staff housing.

14. Development of telecommunications will require an additional \$1.4 million of which \$1 million will be financed from the initial drawings from the first World Bank loan to Papua and New Guinea of \$6.25 million, which is for a four year telecommunications development programme with a total cost of \$14 million.

15. Of an additional \$0.9 million to be spent on certain agricultural projects, an amount of \$0.5 million is expected to be financed from credit obtained from I.D.A. (subject to replenishment of I.D.A. funds).

16. The growth in borrowing in recent years will result in an increase in expenditure on interest and redemptions of \$1.5 million in 1968/69.

17. An amount of \$2.5 million (the same as last year) has been included in the draft budget as additional capital for the Papua and New Guinea Development Bank. This amount, together with \$1.7 million which the Bank had on hand at the 30th June, 1968, will give it cash resources of \$4.2 million in this financial year. The Bank's outstanding commitments at 30th June, 1968, were \$2.1 million—i.e., \$0.4 million more than its estimated liquid resources.

18. It is proposed that in 1968/69 an arrangement similar to the one which was approved by the Commonwealth Treasurer for 1967/68 would provide that if the requirements of the Bank for funds appear to be likely to exceed its cash resources the Government will be prepared to consider increasing its grant to the Administration to the extent necessary to assist the Administration in making a further payment to the Bank's capital; further, if the Bank has sufficient acceptable loan propositions the Bank, with the concurrence of the Administration, may enter into new commitments up to a total of \$5.0 million in 1968/69, that is, up to \$2.5 million more than the cash resources with which it would be provided from the budget. The ceiling for new commitments of \$5.0 million in 1968/69 would not be regarded in any sense as a target at which the Bank has to aim and it would not be referred to publicly.

19. An increase of 13.7% in the Territory budget in 1968/69 compares with an average annual increase of 14.6% over the preceding three years. With constitutional development advancing apace, no lesser increase should be contemplated if economic and social advancement is to be kept at least in balance. The proposed lower rate of growth in the

4 A handwritten correction appears to render this phrase 'developmental roads and wharves'.

budget in 1968/69 is less than consistent with the tremendous effort that needs to be made in an endeavour to make the Territory substantially less dependent on external aid. But if Commonwealth aid is to continue to be a declining proportion of the Territory budget—and this seems essential if the aid situation is to be kept within reasonable bounds in a situation of rapid political development and mounting pressure for larger expenditure on education, roads and health facilities, etc. the Territory budget can only grow proportionately with the expansion of ‘internal receipts’ (including international loans). The estimated growth in ‘internal receipts’ of about 15% in 1968/69 is about one quarter less than the average rate of growth of almost 20% over the preceding three years, when the rate of direct Commonwealth expenditure particularly on defence was very high. At the same time, it is also a question at what rate the pace of development can be maintained without excessive social and human strains.

20. An increase of \$9.4 million in Commonwealth grant representing slightly more than 50% of the proposed increase in the Territory budget would respond on a decreasing proportionate basis to the growth in ‘internal receipts’ of the Territory but would still be in harmony with the Government’s announced policy of continuing to spend more over the next few years on the development of the Territory. Taken together with the estimated decrease of \$8.3 million in direct Commonwealth expenditure in the Territory in 1968/69, total Commonwealth expenditure, which is the largest single determinant of economic activity in the Territory, would rise by \$1.1 million or 1%, and as a proportion of total Government expenditure in the Territory would decline by 2.6% to 62.6%.

21. The framework of the draft Territory budget has yet to be discussed with the new Administrator’s Executive Council of which the newly appointed Ministerial Members provide a majority. Final allocations within the overall amount of the budget will need to take account of the views of that Council.

22. As decided by Cabinet on 19th July, 1967, (Decision No. 417(M)),⁵ the Commonwealth grant would be on the basis that in the event that the House of Assembly (on whose decision adoption of the Territory budget depends) should attempt to vary the budget in a way unacceptable to the Government the intention would be that the amount of the grant and the arrangements for Australian aid should be open to review.

RECOMMENDATION

23. I recommend a grant of \$87 million to the Papua and New Guinea Administration in 1968/69, the policy basis being as decided by Cabinet in July 1967 (paragraph 22 above), and the arrangement for the Papua and New Guinea Development Bank set out at paragraph 18 above.⁶

[NAA: A5868, 168]

⁵ Document 136.

⁶ Cabinet endorsed the recommendation on 23 July (NAA: A5868, 168).

209 MINUTE BY DEFENCE COMMITTEE

Canberra, 11 July 1968

TOP SECRET

Future size and role of the Pacific Islands Regiment

The Defence Committee noted that following his discussion with the Committee on the 30th May 1968 (Minute No 42/1968)¹ the Secretary, Department of External Territories requested that his Department's views be recorded as per the attached.

2. The Chairman intimated that an exchange of correspondence was in process between the Minister for External Territories and the Minister for Defence² and that if the questions of the timing of the proposed review, and the build-up and role of the Army in Papua and New Guinea were not resolved between them, it was to be expected that the questions would go to Cabinet for consideration.

Attachment

FUTURE OF PIR: EXTERNAL TERRITORIES VIEW

The weight of opinion in the Defence Committee appears to point towards a PIR strength of 2,800 or so local troops plus up to 650 ARA by June 1969.

This would represent an expansion of nearly fifteen per cent over the current strength of 2,455. This figure results from continued recruitment during the fifteen months since the question of the size of the force was first raised by the Minister for External Territories. The strength has increased by over 260 even since last October when Ministers agreed that the question of the future size of the PIR should be submitted to Cabinet.

At the same time the Defence Committee contemplates a review, by not later than 1970, of the organisation and structure of the PIR and the requirements (including the possibility of a unified defence force) of Papua and New Guinea defence.

Having regard to the objective of a disciplined, stable, loyal and cohesive force and the disturbances that have occurred in the past within the PIR over wages and conditions of service, the rate of expansion now proposed still appears to be faster than is desirable or necessary. The fact that it would accord with a previously decided programme does not seem to outweigh these considerations.

The Department of External Territories considers a reasonable course would be to hold the strength at approximately the present level for the time being, and to carry out the proposed review immediately, the target strength of the force to be determined when the results of that review are available to be taken into account, and in the light of any new facts or strategic considerations.

[NAA: A1209, 1968/8538 part 2]

1 Document 190.

2 See Document 206.

210 SUBMISSION NO. 234, BARNES TO CABINET

Canberra, 12 July 1968

CONFIDENTIAL

Papua and New Guinea development programme

This submission recommends endorsement of a five-year development programme for Papua and New Guinea and puts forward a suggested attitude by the Commonwealth Government towards the aid aspect of the programme.

2. The Government's basic policy for Papua and New Guinea is to develop it for self-determination and to ensure that when this stage has been reached the Territory will, to the greatest extent feasible, be able to stand on its own feet economically. The proposed programme aims to quicken progress along these lines giving particular emphasis to the increasing role of Papuans and New Guineans in economic development and in social, administrative and political affairs.

OBJECTIVES OF PROGRAMME

3. In 1965 the Cabinet endorsed as a working basis for planning the economic development programme suggested by the 1964 Report of a Mission from the International Bank for Reconstruction and Development (Decision No. 885 of 21st April, 1965).¹ This programme as a whole covered the five years from 1964/65 to 1968/69 (certain production programmes covered the ten years to 1973/74) and requires updating to take account of the Territory's changing needs and opportunities.

4. While the Mission's original programme was confined largely to the development of the Territory's agriculture, livestock and forest industries, the programme now proposed is wider in scope and spells out programmes for the various economic sectors in greater detail for the five year period 1968/69 to 1972/73. (Figures are given for agricultural livestock and forestry development up to 1974/75.) The overall programme and sectoral programmes will of course be subject to revision in the light of changes in circumstances.

5. The main purpose of the revised programme, like that of the programme put forward by the I.B.R.D. Mission, is to encourage the most effective use of the Territory's human, physical and financial resources. It aims to achieve this purpose by

- setting ambitious but realistic targets so as to give a clear sense of direction
- obtaining endorsement by the House of Assembly to the broad basis of the programme
- enabling effective planning by the Administration especially in fields such as education and major public works where plans need to be viewed against a longer term perspective
- highlighting future growth potential and prospects and thereby giving assurance and stimulus to private enterprise
- encouraging maximum effort and acceptance of greater responsibility by the Territory public, especially the indigenous people.

¹ Not printed.

6. The aims of the programme are in harmony with the 1964 I.B.R.D. Mission's recommendations. Major emphasis will therefore continue to be placed on building up the productive potential of the Territory and on the advancement of the indigenous people through secondary and higher education and vocational training and the acceptance of greater responsibility. Expenditure on such services as health and primary education will be contained. As the Mission's Report stated:

'Only by these means can the real income of the native people be raised, the tax base broadened, the disproportionate gap between Government expenditures and revenues raised in the Territory narrowed and the widening deficit in the balance of payments—now met by grants from the Government of Australia—reduced.'

7. The proposed programme aims to hasten movement towards economic self-reliance. Viability is a long way off but substantial economic growth will be achieved. There will be a stronger base for expanded production. There will be accelerated indigenous participation in production through ownership and management and through employment both in private industry and in Government. Action will also be taken to promote and provide scope for expanded expatriate investment.

CONTENT OF PROGRAMME

8. Key targets in the programme are set out in Attachment 'A'.²

Major production programmes

9. The *agricultural programme* gives greater emphasis than did the Mission's programme to new high value crops especially tea, pyrethrum and oil palm. It also envisages higher returns from indigenous coffee production. Private investment by expatriates in copra, cocoa and rubber has not been achieved on the scale projected by the Mission. The programme however provides for substantial new expatriate plantings of copra and cocoa as well as tea and oil palm.

10. If production from existing plantings is maintained, new plantings contemplated in the programme will double current production when they reach maturity.

11. The *livestock programme* while ambitious is substantially lower than that recommended by the Mission which over-estimated the rate at which breeding herds could be increased and the availability of cattle imports.

12. The *forestry programme* is in line with the Mission's. The longer-term prospects for timber appear bright although marketing difficulties may be encountered from time to time.

13. Considerably accelerated progress is envisaged in manufacturing industries.

14. The following table gives major production targets—

² Not printed.

	Programme			Annual Increase (1967/68–1972/73) %
	1967/68	1968/69	1972/73	
New Agricultural Plantings (‘000 acres)				
Indigenous	24	27	39	10.3
Total	40	49	63	9.5
Agricultural Production (\$M)				
Indigenous	19	21	30	9.6
Total	49	51	63	5.2
Beef Cattle population (‘000)	6	10	31	38.9
	61	72	138	17.7
Beef Cattle Turnoff (\$M)	0.9	1	2.3	20.6
Forestry Production (\$M)	10	12	25	20.1
Manufacturing Output (\$M)	58	69	121	15.8

Other economic programmes

15. Substantial growth is planned in *service* industries particularly *transport* to cope with the expanded production programmes.

16. While it is proposed to spend \$17.2M on roads, bridges and other *transport* facilities in 1968/69, future expenditures will be considered in the light of the findings of the comprehensive United Nations Development Programme survey due to be completed in mid 1969.

17. Rapid growth in *telecommunications* will be achieved under the \$14M programme now under way which will be financed partly from the recently negotiated \$6.3M loan from the IBRD.

Social services

18. In harmony with the recommendations of the 1964 I.B.R.D. Mission, the programme envisages that the standards and coverage of social services be related to the capacity and willingness of the local people to contribute towards them.

19. In *education* priority will be given to secondary and tertiary education with special attention to technical and vocational training. The *health* programme emphasises preventive medicine such as malaria control as against curative services. There will be a positive programme to make available facilities for population planning. It is expected that over the five years to 1972/73 the growth of population will be of the order of 2.6% per annum. With the continued improvement in the health of the population this could rise to around 2.8% in the late 1970's.

Total programme

20. There is no satisfactory single measure which would express in quantitative terms what the success of the proposed programme would mean in terms of progress towards higher

living standards and greater economic self-reliance. Much of the investment expenditure proposed in the programme will produce results in terms of increased production only after a period of years.

21. Thus the agricultural programme is largely concerned with accelerated plantings of slow maturing tree crops; much of the investment in the public sector is on infrastructure designed to spark off development in new regions or new industries by reducing the handicaps imposed by lack of accessibility and high transport costs. Again the heavy investment proposed in education, especially secondary and tertiary education, in preventive medical services and the employment of expatriate manpower with specialist skills, will bear fruit over a period rather longer than the five year programme period. Major elements of the programme are designed to provide essential services such as roads, ports, communications and power for increased private business investment.

22. The major economic advances aimed at by the programme may be summarised as:

- Increased plantings of export crops
- Expansion of local manufacturing and service industries
- Provision of basic capital works and services, including roads, harbour facilities, power and water supplies
- Enlargement of the educated work force along with progressive increases in the employment of Papuans and New Guineans in the public service and private enterprise with expatriates being employed in key areas of Administration to the extent that qualified indigenes will not be available.

23. The possible impact of the programme on the economy as a whole is set out in Attachment 'B'.³

24. The programme will also expand the tax base of the Territory. At current levels of taxation, local revenue is projected to increase from \$50M in 1967/68 to \$80M in 1972/73. Revenues generated by the programme will be substantially greater when new plantings and other investment made during the plan period reach maturity after 1973.

25. The 1964 I.B.R.D. Mission recognised that the gap in the Territory's trade balance would have to increase for some years (and be financed largely by Australia) until the Territory economy could generate enough savings to finance the rate of investment necessary for self-sustaining economic growth. Much of the activity to be generated under the proposed programme will not be reflected in export earnings and import saving until some time after the end of the programme. On the balance of payments on current account the deficit for 1967/68 is expected to be about \$108M and is projected to reach around \$185M in 1972/73 but begin to decline within a few years thereafter. The gap will be met mainly by Commonwealth grant but also to an increasing extent by private investment and for the first time by the raising of international loans. If the Bougainville copper project goes ahead according to the company's plans the balance of payments picture could change dramatically.

³ Based on estimated annual growth rates of between 9 and 11%, it was projected that consumption would increase from \$231m in 1968/9 to \$340m in 1972/3, while in the same period investment would grow from \$127m to \$193m; imports from \$196m to \$287m; exports and other receipts from \$85m to \$116m; balance of payments on goods and services (excluding property income) from -\$111 to -\$171; gross monetary sector product at market prices (excluding non-marketed supplies) from \$247m to \$362m; and balance of payments on current account from -\$120m to -\$184m. The figures excluded the possible impact of the Bougainville copper operation.

26. Apart from serving Australia's basic policy objectives in the Territory the proposed development programme will benefit Australia in a number of ways. Papua and New Guinea, already Australia's second largest export market for manufactures will further increase its imports while rising Territory exports will add to foreign exchange earnings. Remittances to Australia from dividends earned by Australian investment in the Territory and from savings by expatriates are expected to rise substantially.

RESOURCES REQUIRED TO MEET TARGETS

Private investment

27. Considerable investment, e.g. in oil and mineral exploration, can be expected to go ahead regardless of the level of government spending; other private investment will be related more closely to levels of government expenditure.

28. Since 1963/64 private investment excluding new plantings (which as in Australia are not treated as investment for national accounting purposes) has been increasing at about \$10M each year. It is considered that an increase of \$10M (excluding the Bougainville copper project) in each year to 1972/73 could be achieved with a continuing programme of investment promotion and incentives.

Administration receipts

29. The following table shows projections of expenditure, local revenue and public loans. The figures of Commonwealth grant have been derived from these projections.

	1968/69		1972/73		1968/69 to 1972/73	
	\$M	%	\$M	%	\$M	%
Local revenue	56.0	36.3	91.0	38.7	364.0	37.4
Public loans (incl. IBRD/IDA finance)	11.5	7.4	15.0	6.4	69.5	7.1
Commonwealth Grant	87.0	56.3	129.0	54.9	540.0	55.5
Administration Expenditure	154.5	100.0	235.0	100.0	973.5	100.0

30. It is assumed that increases in costs and prices will be of roughly the same order as in recent years.

31. The projections of *local revenue* assume a continuing increase in the level of taxation in the Territory. Unless there are unforeseen developments affecting revenue prospects, a higher rate of growth than projected (13% p.a.) could discourage expatriate recruitment and enterprise. The 1964 I.B.R.D. Mission favoured a policy of keeping the burden of tax on the European sector light to increase the attractiveness of private investment and to attract and retain badly needed European staff.

32. The projections do not include revenues to be collected and expenditures to be borne by Local Government Councils. Over the plan period Councils will make an increasing contribution in the raising of revenue from local taxpayers (currently \$1.7M) and in assuming responsibility for activities now financed by the Administration.

33. The programme as designed implies an increase in the *Commonwealth grant* of the order of 10% per annum from 1968/69. The rate reduces from 12.1% in 1968/69 and 12.6% in 1969/70 to 10.2% in 1971/72 and 9.3% in 1972/73. This increase compares with an average annual rate of increase of 11.4% over the last four years:

	% Increase			% Increase
1964/65	10.9		1966/67	12.5
1965/66	10.7		1967/68	11.2

Direct commonwealth expenditure

34. Net direct expenditure by Commonwealth departments and instrumentalities has been projected on the basis of present administrative arrangements and estimates by the agencies concerned:

	\$M		\$M
1968/69	24	1971/72	26
1969/70	22	1972/73	29
1970/71	26		

Skilled manpower

35. The programme envisages the addition to the Territory Public Service of about 2,000 overseas officers for new positions for which no local officers are expected to be available. Of these 1,450 officers will be required in professional and technical fields including 820 officers essential for the agricultural, livestock, forestry, education and works programmes. More than 500 positions now held by overseas officers are expected to be filled by local officers. Expatriate recruitment for general government services will be kept to a minimum.

36. The achievement of the target for expatriate recruitment will require special measures including the provision of additional housing in Port Moresby.

BOUGAINVILLE COPPER PROJECT

37. This project if it comes to fruition could make a significant contribution to Territory revenues and export earnings during the final year of the plan period. By the mid-1970's it could, if successful, raise the Territory's gross export receipts by more than one-half and the Territory's revenues by more than one-third. The project would likewise involve substantial additions to imports and other payments and to administration expenditure.

38. A decision will be made by C.R.A. during the second half of 1969 on whether it will proceed with its proposals to develop the extensive copper deposits on Bougainville.

LONGER TERM PERSPECTIVE

39. Towards the end of the Programme period increases in public expenditure and overseas recruitment should level off. With increasing indigenisation of the public service the Territory should be able to finance the greater part of its *current* public expenditure by the mid-1970's.

40. It is not possible to predict when the Territory will have reached the stage of self-sustaining economic growth with ability to finance the greater part of its total budgetary

requirements from domestic savings while at the same time supporting an acceptable rate of growth of living standards.

41. The 1964 Mission believed that the approach to economic viability would take at least several decades. There is no evidence that this will not be the case but tentative long-range projections suggest that there should be a significant measure of viability during the 1980's provided action is taken now to expand the Territory's productive potential.

CONSULTATION PROCEDURES AND COMMONWEALTH COMMITMENT

42. In preparing this programme the Administration has paid close attention to expressions of native opinion and has been in consultation with private enterprise and Commonwealth authorities.

43. Subject to Cabinet's approval it is proposed to consult the Administrator's Executive Council and subject to the views of the Council seek endorsement of the broad basis of the programme by the House of Assembly. In accordance with Decision No 417(M) of 19th July, 1967, in relation to the grant to the Administration for 1967/68,⁴ and in harmony with the proposed attitude for the 1968/69 grant, the help from Australia towards the accelerated economic development of the Territory which is envisaged in the programme would be offered on the basis of the co-operation of the House of Assembly and the people of the Territory. As in the case of the budget it is proposed that in the event that the House of Assembly should attempt to vary the programme in a way unacceptable to the Government the intention would be that the amount of the grant and arrangements for Australian aid should be open to review.

44. The feasibility of the programme depends on the Commonwealth's support primarily through the provision of grants to the Territory budget of the order indicated in paragraph 29.

45. Unpredictable changes, for example in movements in the prices for the Territory's exports and in the flow of private investment from overseas, will affect key magnitudes in the programme. Adjustments will have to be made in the event of constitutional change and changing circumstances affecting local revenue and loan raisings.

46. The programme sets out projections for Territory revenue, loans and expenditures for the next five years allowing for reasonable stability in costs and prices in line with the experience of recent years. The projections of revenue imply a progressively increasing effort by the Territory. They provide for new revenue measures to yield about \$1M each year in addition to normal growth at current levels of taxation. The projected increase in total revenue from \$50M in 1967/68 to \$91M in 1972/73 (excluding the Bougainville copper project) is considered to be as much as can on current indications reasonably be achieved. There would be a steady increase in the proportion of Territory expenditure being met from Territory revenue.

47. The programme implies an increase, taking one year with another, of the order of 10 per cent per annum in the Commonwealth grant over the period of the programme. It is proposed that this be the order of magnitude of increase in the grant to be contemplated at this stage by the Commonwealth.

4 See Document 136.

Proposed attitude⁵

48. It is proposed that the Government should reaffirm that it will continue to help towards greater economic development and greater economic self-reliance in the Territory.

49. In harmony with this approach it is also proposed that the Government would indicate that allowing for such modifications in the programme as may be needed from time to time in the light of changing circumstances it endorses the proposed objectives and targets (key targets are set out in Attachment 'A') as a basis for planning subject to a similar endorsement by the House of Assembly.

50. The achievement of the proposed objectives and targets will require steadily increasing Administration expenditure. It is therefore proposed that the Government would indicate that on a basis of mutual co-operation between the Australian Government and the House of Assembly and the people of the Territory it is prepared for its part to contemplate increases in its financial contribution to the Administration budget of the order of 10% per annum over the period of the programme. The Government would say that it is prepared to do this if the House of Assembly indicates that it is prepared to increase progressively the Territory's financial self-reliance by raising the level of Territory receipts (revenue and loans) as much as practicable.

51. It would need to be made clear that within the order of magnitude referred to above the actual financial contribution by the Commonwealth to the Administration budget in any one year would be subject to the Commonwealth's own budgetary situation and any special circumstances arising in the Territory (e.g. fruition of C.R.A.'s Bougainville project or the discovery of oil in commercial quantities).

52. The proposed commitment by the Commonwealth, it is intended, would not rule out the possibility of changes in future years in the method by which financial contribution is made to the Administration budget (it is currently in the form of grants), nor would the Commonwealth commitment mean any change in the Government's policy towards constitutional development in the Territory. Both these points would need to be stated publicly.

53. Subject to approval by Ministers of the foregoing, it is envisaged that the proposed programme and the proposed Commonwealth attitude (as set out in paragraphs 48–52) be put to the Administrator's Executive Council (which includes 8 elected members of the House of Assembly, all but one of them being Ministerial Members), and that subject to the views of the Council an outline of the proposed programme and a statement of the Commonwealth attitude would then be put before the House of Assembly.

54. A public statement on the Commonwealth attitude on the lines of paragraph 48–52 would not explicitly cover the position that would arise for the Commonwealth with regard

5 During drafting, considerable debate occurred over the wording of the following section. Hay had been concerned at different points that Territories drafts 'feel like a sledgehammer blow' (telex 6059, Hay to Warwick Smith, 4 July 1968, NAA: A452, 1968/3566) and 'might expose the Government unnecessarily to the suggestion that it is using its grant to influence the development of the political situation'—a perception that 'could, inter alia, lead to difficulties here in getting endorsement of development programmes' (telex 6127, Hay to Warwick Smith, 9 July 1968, *ibid.*). Hay gained some concessions (see telex 5229, Warwick Smith to Hay, 5 August 1968, and telex 5336, Gutman to Hay, 11 July 1968, *ibid.*), but DOET obtained Barnes' support for a firm and explicit statement of respective Commonwealth and PNG responsibilities (submission, Gutman to Barnes, 6 July 1968, and telex 5229, Warwick Smith to Hay, *ibid.*). More generally, Hay cabled that he was anxious that Cabinet avoid a rigid policy prescription on the relationship between the grant and internal revenue (telex 5960, Hay to DOET, 1 July 1968, *ibid.*). He also affirmed the plan's 'figures [which] underline the long term nature of the movement towards viability. To my mind, this is realistic. It involves smaller strain on the machinery of government and {on the social and racial situation} [in] the Territory. It keeps up a steady pressure but means that any steeper rise in the pace of development must await localisation. This is reflected in an increased emphasis on training' (*loc. cit.*).

to its aid to the Territory if the Territory became self-governing or independent during the period of the programme. On present indications such a development is not perhaps likely within the coming five years. Nevertheless the possibility cannot be ruled out. However, an explicit reference in a public statement to the Commonwealth Government's position in such a contingency would it is considered give rise to a variety of problems in the Territory and if such a development did in fact occur it may be expected that the development programme along with a number of other arrangements would have to be subject to review and possibly, so far as the Commonwealth's role in the programme was concerned, to renegotiation.

RECOMMENDATION

55. I recommend endorsement of the proposed five year programme and Commonwealth support for it on the basis set out in paragraphs 48–54.⁶

[NAA: A5868, 234]

211 SUBMISSION NO. 242, BARNES TO CABINET

Canberra, 17 July 1968

CONFIDENTIAL

Review of policy on Asian investment in Papua and New Guinea

Background

In Submission No. 320 on Policies for Private Investment in Papua and New Guinea of 30th June, 1967,¹ I recommended that in view of the need for a substantial increase in private investment in the Territory consideration be given to easing the existing Commonwealth Government restrictions in Asian investment.

2. In Decision No. 418(M) of 19th July, 1967,² Cabinet agreed that arrangements relating to Asian investment should be reviewed with a view to easing the restraints on investment from that source. Cabinet directed that the review should be undertaken by a Committee consisting of Prime Minister's, Trade and Industry, Treasury, External Affairs and Territories Departments, consulting other Departments as necessary.

3. The findings and recommendations of the Committee are set out in the attached report.³ The recommendations are supported by all the Departments represented on the Committee. I am in full agreement with these recommendations.

6 On 24 July, Cabinet 'endorsed the proposed objectives and targets of the Papua New Guinea five-year development programme as a basis for planning and subject to a similar endorsement by the House of Assembly'. This was 'on the understanding that such approval for planning purposes does not carry with it endorsement of any implied commitments for financial provisions'. Regarding attachment B, the Ministry felt that the estimates should not be published 'at this stage and at least until there has been an opportunity to check the basis of the estimates with Treasury and the Commonwealth Bureau of Census and Statistics'. There was also an 'understanding that any public statement to be made on the matter on behalf of the Government will be the subject of prior consultation with the Treasurer' (decision no. 354 (M), NAA: A5868, 234).

1 Document 130.

2 Document 136.

3 Not printed.

Committee's recommendations

4. The Committee recommends that existing Commonwealth Government restrictions on Asian investment in the Territory should be removed and that such investment should be treated in the same way and subject to the same guidelines and safeguards as investment from other foreign countries (paragraphs 11 to 17). I consider this recommendation soundly based in view of the political and economic developments that have taken place in Papua and New Guinea since the present policy on Asian investment was formulated in 1963/64. Private investment has a rapidly growing part to play in the development of the Territory. The proposed removal of restrictions will make it somewhat easier for the Territory to attract Asian investment, and in view of the tighter capital supply position in the leading capital exporting countries such as Britain and the United States of America this will be helpful in promoting the economic development of the Territory.

5. I endorse the Committee's view (paragraphs 24 to 27) that removal of the existing restraints is unlikely to lead to excessive Asian dominance in the Territory economy or to a large inflow of Asian nationals. There are adequate controls and safeguards at the disposal of the Administration to ensure that this situation does not arise. The main safeguards are provided by the Territory immigration laws and by the Administration's control over the transfer of land and over timber and mineral leases. Additional safeguards exist through the Commonwealth Government's continuing control over banking, currency and foreign exchange matters and over defence and security matters in the Territory.

6. The Committee recommends that the imposition of any special restrictions on conditions on Asian investment should be left to the discretion of the Minister for External Territories who would have regard to any views expressed by the Administrator's Executive Council and the House of Assembly.

7. In the case of major investment projects which in the view of the Minister for External Territories are of economic or political significance the Committee recommends that the Minister for External Territories should consult other Ministers and as necessary submit the matter to Cabinet for decision. Such projects would include all those involving investment by foreign governments or their agencies. Investment proposals involving capital from Communist countries, both Asian and non-Asian, would be considered by the Interdepartmental Committee on East European investment which would report on such proposals to Cabinet through the Minister for External Territories and the Treasurer.

8. For various reasons some Departments may wish to be kept informed of trends in Asian investment in Territory industries and the Committee proposes (paragraph 29) that interested Departments be informed of all Asian investment proposals.

9. If Cabinet approves this submission I would arrange, in consultation with the Minister for External Affairs, for representatives of selected Asian countries to be informed of the change in the Government's policy on Asian investment in the Territory.

Recommendation

10. I support the recommendations of the Interdepartmental Committee as set out in paragraph 31 of the attached report⁴ and submit them for Cabinet's approval.

[NAA: A5868, 242]

4 These recommendations were substantively those set out above.

212 LETTER, BLAND TO WARWICK SMITH

Canberra, 18 July 1968

CONFIDENTIAL

I have given considerable thought to your letter of 17th May about the need to foster an awareness and understanding of Defence matters in the developing civil Government of the Territory of Papua and New Guinea.¹

This is, of course, closely related to the discussions we have had in the Defence Committee on the future size and role of the Pacific Islands Regiment.² You will recall that the importance of positive measures for co-operation and understanding between the Administration (or future Government) and the PNG forces was emphasised and this had your support. The Defence Committee's view was that there was a need for greater efforts on the part of the Administration to involve the PNG forces in the life of the community—to remove any suggestion that they were the instrument of the Australian Government and to present the PNG forces as no less a vital element in the country's institutions than the police and Government services. It was agreed that the Administration in conjunction with the Army and Navy should direct its attention to problems of the relationship between the PIR and indigenous Public Servants and police, and to questions of the re-establishment of ex-members of the local forces in their own communities.

You require no assurance that I am in full sympathy with your objective of developing an appreciation of problems affecting both the Services and the civil Administration and an understanding of the Services' role in the community. At the same time we have to keep in mind that Defence has aspects and implications different from most other governmental functions being exercised in the Territory. As matters stand, under Cabinet the primary responsibility for ensuring the defence of the Territory rests with the Minister and Department of Defence but more than that there is a large interdependence between defence planning for mainland Australia and the Territory: certainly the problems of each are not being thought of as compartmentalised.

At the same time, as you will have seen from our Defence Committee discussions, we are mindful that we have to think of the Territory's problems in terms of that Territory having an independent Government with all the paraphernalia, including Defence Forces, that goes with it. And, while the control of the indigenous Armed Forces would pass to a PNG Government on attaining independence, it could be that there will be an intermediate stage when Australia continues to be responsible for Defence or at least to exercise a powerful role in relation to the Territories defence and its Defence Forces.

Turning to the particular suggestions in your letter I make one preliminary point. We don't have one single person in command of all our forces in the Territory. The Army Commander has no direct responsibilities in relation to the Navy and R.A.A.F. elements currently located in the Territory: they are under the local command of the Naval Officer in Charge New Guinea area and the resident Air Force Officer Papua/New Guinea respectively. So we have a problem as to who would be spokesman to attend the Executive Council.

1 Document 183.

2 See Documents 189 and 190.

Then we need to clarify the substance of your proposal. You speak of the Administrator's Executive Council being consulted on the plans and activities of the Services, including such matters as proposals to set up new Defence establishments, the needs of the Forces, civic action programmes etc.

I put aside operational plans which would, in the situation you are immediately envisaging, be withheld on security grounds.

So I come to the meaning to be given to the word 'consulted'. I return to the point that our Defence programme in relation to the Territory is formulated with our own overall Defence planning needs in mind, as well as the particular Defence interests of the Territory. Likewise training and operational activities of Service units, while co-ordinated as far as possible with the views of the Administration on patrolling requirements in particular areas, also have regard to the overall Defence requirements. I cannot imagine that you are envisaging that the Executive Council should be consulted in the sense that they could propose amendments which could, ex hypothesis, impinge on our total Defence programme, or on planned Service training or operational activities. This is not to say that at some stage along the road to self-Government and independence we won't have to face this problem.

There is, as well, a practical problem. We have a budgeting problem and programme. In this connection, it is relevant that the Defence Department Budget carries the whole cost of the PIR and other Defence Forces in and about the Territory. I take it that the reference in the penultimate paragraph of your letter to the Administrator's Executive Council considering in June or July 'departmental estimates' for the ensuing year can only mean that it would be useful if when the Department of External Territories' estimates for Papua/New Guinea were being considered, the Executive Council had some knowledge of the resources that would be committed on the defence side in the ensuing year. The problem here is that none of the Service Commanders could then discuss what our Defence Budget would be: what in fact it turned out to be would be revealed only after the Commonwealth Treasurer opened his Budget.

Now I am left with the positive aspects of how best your anxieties can be met.

In the first place I see no reason why the Service Commanders should not at intervals attend the Executive Council to talk about the progress being made with approved building programmes, with trades training and with nativisation of the Forces, about the size of the Forces, what needs to be done to 'integrate' the Forces in the community, possible civic action programmes, resettlement problems and so on. It might be best if, in advance, an agenda were prepared and sometimes papers presented to facilitate discussion. But we ought not, in the early stages, to think of getting into classified problems and we could not, for example, allow the idea to get about that the forces constitute a supplementary civil work force or allow a situation to develop where new and unacceptable demands were to be placed on the Forces.

I see also room for a wider education of the Executive Council. First, it could be acquainted of prospective developments: Second, it must begin to understand the problems of strategy and conceivable threats and why it is that Forces are needed of a particular shape or size.

We will, I believe, make a great mistake if we do not begin this process of education. But I immediately enter two caveats—

- (i) At this stage, this process should not be described as 'consultation', if that word is to carry the connotation that we would be deflected from a plan. Perhaps I see one

exception, e.g. if it were thought necessary to set up some establishment at some area, we ought to be prepared to listen to suggestions as to where it might be located in the area and to justify why we want it in one area rather than somewhere else.

(ii) This educative role is not one in which we should cast the local Commanders or even the most senior of them.

Instead it seems to me that this educative process can best be advanced if the opportunity is taken of visits to the Territory by say my Minister, the Chairman of the Chiefs of Staff Committee, individual Chiefs of Staff, or even myself for a meeting with the Executive Council.

When you have considered my observations, we might discuss the whole problem and the associated mechanics in greater depth.

[NAA: A452, 1968/3949]

Interdepartmental consultations on West Irian border crossers

Following an initial meeting in July 1967,¹ the departments of External Territories and External Affairs continued to consult during 1968 on the question of West Irian refugees.

In a meeting of 7 February, Toogood reported that the Administration was 'keeping a close watch' on the Territory's permissive residents, and noted that those who had been politically active had become 'reasonably subdued' since having been required at the turn of the year to sign renewed undertakings to remain apolitical.² Toogood said that if political activity were resumed, the 'transfer of offenders to other parts of the Territory would greatly assist in controlling the situation'. Ultimately, offenders could be warned that their certificates of residency could be withdrawn. Jockel responded that Hasluck 'firmly supported this approach'.³

In discussion of the circumstances on the border, Jockel again alluded to the necessity for a firm attitude, asking Toogood 'whether Administration officers at border stations took a sufficiently tough line'. Indeed, Jockel's comments were reflective of a general concern in the DEA to ensure that Territories maintained such a line. In preparation for a meeting of 17 June 1968, a Territories paper noted that External Affairs planned to ask if 'policy should be changed—e.g. made even tougher', and remarked that 'From our and Admins. point of view this would be appropriate. But it is quite tough now'.⁴ A DOET record of the meeting demonstrates that DEA continued to push hard:

Both Departments agreed that in view of the possibility that a greater influx of West Irianese may occur over the coming months (the U.N. Representative expected to arrive in West Irian in August to supervise the act of self-determination) it was important to ensure that all border posts were adopting a uniform approach to border crossers and that the approach should be a firm one. (External Affairs would like to see a period of virtual non-admission) ... It was ... agreed that an officer from this Department should visit all Border posts in the next two-three weeks to discuss practices followed on the ground and ensure that Government policy is clearly understood.⁵

1 Document 137.

2 Record of conversation between DEA, DOET and Administration officials, 7 February 1968, NAA: A452, 1967/4460. Fenbury also reported that Sarwom, Hamadi and 'other prominent West New Guinea people' had been 'individually warned ... that by indulging in political activities concerning West Irian they are breaching their undertakings' (memorandum, Administration (Fenbury) to DOET, 15 January 1968, *ibid.*).

3 In a minute to Plimsoll on permissive residents, Jockel commented that '[Territories] have not sent back any West Irianese for violation of his undertaking not to engage in political activities. They say that the system rests on implanting in the mind of the West Irianese the fear that if he played up his permit to reside would be revoked and he would be sent back across the border. The Territories officials say that they do not know what the position would be if one of the West Irianese were to dispute direct action by the Administration to return him across the border, e.g., by having his case publicised and contesting either the validity of the certificate of residency itself or denying that he had breached its terms ... So far there have been no great difficulties, but there are, of course, serious difficulties inherent in the situation owing to the existence of the West Irian Agreement with its provisions concerning the right of self-determination. Could we, for example, deny the right of the West Irianese in TPNG to assemble and peacefully demonstrate {for} a proper act of self-determination at various significant moments in the next eighteen months?' (17 July 1968, NAA: A1838, 3036/14/1/6 part 10).

4 Anonymous and undated DOET paper entitled 'West Irianese Border Crossers—meeting 17th June 1968', NAA: A452, 1967/4460.

5 Minute, Besley to Warwick Smith, undated (possibly a draft), *ibid.* In conveying a draft DEA record of the meeting (not found) to the Embassy in Djakarta, Jockel wrote that 'It is self-explanatory; our aim is to tighten up as much as possible within the framework of policy as at present stated' (letter to Loveday, 28 June 1968, NAA: A1838, 3034/14/1/6 part 10).

213 PAPER BY DOET¹

Canberra, 22 July 1968

TOP SECRET

PNG/West Irian Border—contingency planning*Background*

The United Nations Mission led by Mr F. Ortiz-Sanz which has been appointed by the Secretary-General of the United Nations to assist in the arrangements for the exercise of self-determination by the people of West Irian is due to arrive in Sukarnapura in mid August.

2. On the basis of information received from a usually reliable source within the Territory the Administrator recently advised that the Papuan National Front² was believed to be planning demonstrations for August 17th to coincide with the arrival of the Mission. He went on to say that—

- The Papuan National Front adherents are known to have some arms.
- The Indonesian authorities have recently reinforced their military units in West Irian (7 battalions believed to be in the northern sector) and apparently are determined to repress any National Front demonstrations.
- If demonstrations do occur violence could break out and the TPNG border could be affected by—
 - (i) large influxes of refugees;
 - (ii) armed parties of Indonesian troops pursuing armed West Irian ‘rebels’ across the border.

3. The Administrator stated that contingency plans for handling influxes of unarmed refugees already existed and that the Administration should be able to handle such an influx fairly smoothly, although if large numbers of villagers badly in need of food, shelter and medical attention were involved, a major diversion of resources could be needed. He was concerned, however, at the possibility of incursions by armed bands who might not be disposed to report to Administration posts (presumably because they might wish to use PNG territory as a temporary refuge to rest and re-group their forces) and the further possibility that such groups might be pursued across the border by detachments of Indonesian armed forces.

4. The handling of such a situation could prove to be beyond the capacity of the Administration’s own resources and it might become necessary to seek the assistance of the PIR. This would raise policy issues for consideration by the Departments of External Affairs and Defence.

5. Although the latest advice from the Administration is that as the Liberation³ Front fears reprisals it has issued instructions that large-scale disturbances previously planned

1 The paper was provided to DEA under cover of a memorandum by Besley, dated 22 July. Besley confirmed previous correspondence to the effect that an interdepartmental meeting, involving Territories, DEA, Defence and the Army, would take place on 26 July. The meeting appears not to have taken place until 23 August (see Document 219).

2 See footnote 2, Document 54.

3 This word should probably read ‘National’.

are not to take place, it is considered that it would be unwise to ignore the possibility of the situation developing on the lines feared earlier, and that thought should be given at this stage to possible courses of action in that event.

Assessment of likely developments

6. The TIC's assessments which are in line with the above are given in Item 408 of MIS No. 5/68⁴ and Item 418 of MIS No. 6/68.⁵ It would be helpful to have these assessments checked by External Affairs and the JIC in the light of the latest information available. The Administration has been asked to provide any further relevant information from sources within the Territory immediately it comes to hand.

Courses of action

7. On the assumption that any incursions by Indonesian forces would be motivated solely by a desire to apprehend West Irianese 'rebels' (i.e. that there would be no covert aggression as in a Pygmalion-type situation)⁶ possible courses of action would seem to be:—

- (a) Diplomatic action with a view to—
 - (i) persuading the Indonesian authorities that, subject to the need to maintain law and order, it would be desirable to avoid repressive measures in the event of demonstrations;
 - (ii) enlisting their co-operation in ensuring that violations of the border by their armed forces do not take place, with the assurance that any armed West Irianese entering our Territory would be apprehended and disarmed;
- (b) Action by the Administration to try to handle any influx of West Irianese solely by means of its own resources;
- (c) In the event of the situation developing beyond the Administration's capacity to handle it, the assistance of the locally based Services (in particular the PIR) to be sought.

Contingency planning by the Administration

8. As regards (b) above the Administration has been informed that as there can be no certainty of Government approval of Services' assistance, plans must be made which include the possibility that the situation would have to be handled within its own resources.

9. At the same time it is considered that for planning purposes it would be useful to separate into the following stages the kind of situation that might develop:—

- (i) an influx of unarmed refugees which could be handled within the Administration's own administrative and logistic resources;
- (ii) a situation as in (i) which developed to the point where, because of the numbers involved, some logistic and administrative assistance from PNG Comd would have to be sought;
- (iii) an influx of armed bands of Papuan Nationalists who might wish to use PNG as a temporary refuge to rest and re-group their forces and might therefore be unwilling to report to Administration posts;

⁴ Not printed. See NAA: A1838, 3036/14/1/6 part 10.

⁵ Not printed. See NAA: A1838, 936/3/15 part 4.

⁶ See Document 43.

(iv) incursions by Indonesian troops in pursuit of armed bands.

10. To assist consideration of the matter in Canberra the Administration has been asked to provide (in time for circulation before the inter-departmental meeting) the following information in relation to stages (i) to (iv) above:⁷—

(i) maximum DDA and police strength which the Administration could dispose in border areas and maximum number of unarmed refugees that could be handled and cared for;

(ii) if the influx of unarmed refugees developed beyond (i), the kind of logistic and administrative assistance needed from the PIR;

(iii) the kind of action contemplated, using the Administration's own resources (DDA staff and police) in such situations and the kind of assistance that might be required bearing in mind the need to minimise the likelihood of confrontation between Indonesian troops and the PIR on the border as stressed in paragraph 7 of your memorandum of 28th June.⁸

Other aspects

11. The Administration has also been asked to provide a copy of any instruction similar to the attached extract from PNG Comd Operational Instruction 1/67⁹—Patrols and Operational Exercises relating to the handling of border incidents which may have been issued to PNG police.

12. In relation to paragraph 7 above (diplomatic action) it would be desirable for Administration officers to be fully briefed regarding the means of identifying any Indonesian Army detachments who may cross into our Territory. Presumably such briefing could be given by PNG Comd.¹⁰

[NAA: A1838, 3034/10/1/4/1]

⁷ The Administration's reply has not been found.

⁸ Not printed.

⁹ In a section on 'border incidents', the instruction outlined that 'Every effort is to be directed to the avoidance of incidents on the border'. Specifically, commanders were ordered, inter alia, that they were not to enter West Irian under any circumstances; that indigenes seeking political asylum should be reported to headquarters or, in the absence of guidance, should be encouraged to return unless in 'obvious danger from the IRIAN ... authorities'; and that contact with foreign patrols was to be avoided. In the case of unavoidable contact with foreign patrols, there was to be 'no use, or undue display, of force'; the foreign patrol was to be informed that it was in Australian territory, after which the Australian patrol would withdraw, while maintaining surveillance and reporting to headquarters. If the foreign patrol acted aggressively, commanders were to retaliate 'with only such force as is necessary to enable him to ensure the safety of the personnel and equipment under his command' (NAA: A1838, 3034/10/1/4/1).

¹⁰ Commenting on the paper in a minute to Jockel and Osborn, Starey wrote: 'It seems to me that the essence of the exercise must be one of presentation rather than reaction. Whether or not there are disturbances August 17th, (and it now seems unlikely that there will be serious outbreaks at that time), we are certain to be faced with the kind of problem discussed in this paper at some point. There might therefore be advantage in raising the question with the Indonesians while things are still fairly quiet. The objective would be to make it clear to the Indonesians that we will permit *no* armed groups to move around on the TPNG side of the border, whether refugees or Indonesian army. We could express our strong wish to avoid armed clashes of any kind occurring, and appeal for their co-operation in the prevention of incidents. I think this kind of approach could bring results. The suggested admonition in para 7(a) (i) of the paper would however be most unwise' (23 July 1968, *ibid.*).

214 NOTE, FAIRHALL TO BLAND

Canberra, 5 August 1968

TOP SECRET

Future size and role of the Pacific Islands Regiment¹

I think this is a matter more appropriate for discussion but, in view of the timetable and other commitments, I thought I should commit to paper a few thoughts arising from your Minute of 19 July² and advice from the Minister for External Territories.³

I know the Minister has been concerned, for some time, about the indications of instability in the mental attitudes of the P.I.R. and the Native Constabulary, and of some rivalry between these two Services at least in regard to pay, conditions and status. It has raised in his mind, quite justifiably I think, the question of whether either of these Services could be trusted to function satisfactorily if they fancied their own interests were involved and this, it seems to me, is a situation which has all to do with the development of the Territories towards independence.

You will recall we had some inter-Departmental discussions about it at official and ministerial level because the conditions of P.I.R. were deeply involved. At that time the Minister proposed to refer the matter to Cabinet, but was ultimately persuaded to refer it to the Defence Committee although having some reservations about that being an appropriate body to deal with it.⁴ I see the entire matter as one in which Defence has a major interest, but in which {both} Departments have a joint responsibility to do what is best within their respective spheres of interest, to promote the welfare and development of the Territory. Now with respect, and despite the presence of a member of External Territories, I think the Defence Committee tends to over-emphasise purely Defence considerations.

For instance, the paper⁵ accepts that the P.I.R. should become an efficient, well-disciplined, stable and reliable Army, completely loyal to the administration or established government of the country. The report generally goes on to assume that, in the event of civil disturbance, the police would be able to deal with the matter and could depend on being backed up by the P.I.R. In the contention of paragraph 35 'it would be more appropriate to protect the Government and the community by strengthening the police in order to meet possible future threats to internal security'.

But there is doubt about the loyalty of the police and, in the broad, it is precisely because the Department is unable to depend, completely, on either police or P.I.R. that the present situation has arisen.

I am sure External Territories would not have put forward the suggestion in paragraph 64 that the strength of the P.I.R. in the Port Moresby area should be kept at a minimum if they had enjoyed the confidence that the P.I.R. would 'stand fast' in this area, which is a

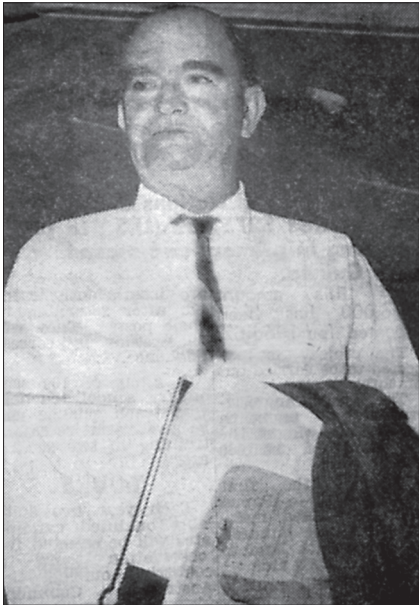
1 For context, see Document 209.

2 Not found.

3 On 25 July, Barnes noted that he had talked to Fairhall (see marginal note on submission, Besley to Barnes, 18 July 1968, NAA: A452, 1968/2441 part 2), but no record of the conversation has been found.

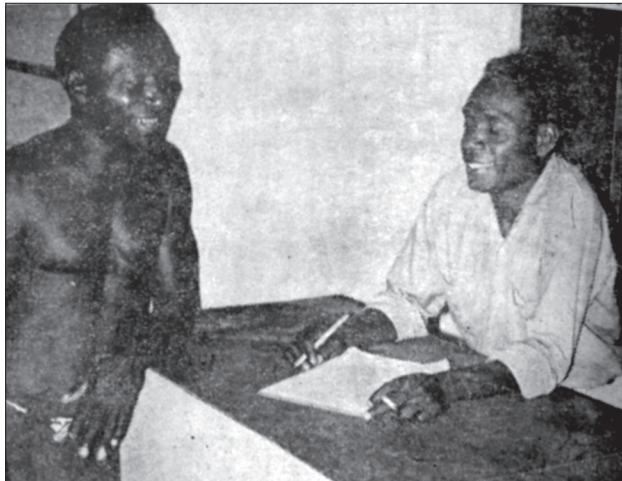
4 See Document 145 and editorial note 'Pacific Islands Regiment: ongoing debate over its size and role'.

5 That is, Joint Planning Committee Report No. 32/1968 (not printed), which was discussed by the Defence Committee on 30 May (see Document 190).



Prior to his death in 1969, Frank Henderson presciently warned that it would be 'buying trouble' to make changes to local government in the Gazelle Peninsula.

[SOUTH PACIFIC POST]



Daniel Rumet, Deputy Chairman of the Mataungan Association, left, speaks to a new member of the Association, December 1969. Rumet was a key figure in the September incident and—shortly after this photo was taken—was also involved in the December violence. He was later sentenced to 6 months jail for his part in the brutal mob-bashing of council supporter Herman Taman. On appeal, Rumet was acquitted, despite his presence at the scene of the crime, because it could not be proven that he was the person who had jumped up and down on Taman's back.

[PAPUA – NEW GUINEA POST-COURIER]



The sudden outbreak of violence on the Gazelle Peninsula, 7 December 1969, took Government by surprise. In a hurriedly-written note for file, a Territories officer described events as he saw them: 'two groups of about 100 each of young Tolais associated with the Mataungan Association were going around the Gazelle Peninsula in truck loads attacking members of the Gazelle Council and elderly respected Tolai leaders, four Councillors and one European were admitted to hospital and eight others were treated for minor injuries. The pattern of the attacks demonstrated that there was a premeditated plan for the whereabouts of the various Councillors seemed to be known'. Police, above, separate rival factions in Rabaul and, below, lead a man to safety. Outside the town, the Mataungans continued to have the run of the countryside.

[PAPUA – NEW GUINEA POST-COURIER]





Rabaul, December 1969: two days after the initial violence, Hay cabled Canberra—‘A serious threat to security has arisen from use by Mataungans of mobile gangs of thugs who beat up Council supporters and threaten their families. They operate by day and by night. Even when not actually operating, [the] possibility that they may has dismayed and cowed Council supporters and impressed those who have not declared themselves. Equally serious threats arise from the capacity of the Mataungans to assemble mobs of supporters in Rabaul township and threaten such places as the police barracks and courthouse with mass assault by some thousands of persons in the event of arrest of Mataungan supporters. A similar threat could be mounted against the corrective institution. A further threat arises from the possibility that in some areas the pro Council elements will lose patience and thus resort to violent action’. The Administration responded with the deployment of over 1000 police, the second large-scale security operation in the area within three months. Police patrolling Queen Elizabeth Park, top, and guarding the courthouse, left. At right, one of many arrests.

[PAPUA – NEW GUINEA POST-COURIER]

Leading Mataungans John Kaputin, left, and Oscar Tammur, right. Tammur was a member of the House of Assembly and the Mataungan Association's main spokesman. Kaputin, a former rugby league star, had kept a lower profile than Tammur but had a significant presence in the Association. In a meeting with Barnes of late December 1969, he warned: 'Maybe there is reason for violence'. Barnes concluded the conversation 'by stressing the need for the rule of law and that violence could not be countenanced'—to which Kaputin retorted: 'I can only do my part to show [the people] how to get something for themselves'.

[PAPUA – NEW GUINEA POST-COURIER]



Four of the Gazelle Peninsula councillors who were beaten by Mataungan supporters. From left, Penny Topimur, Vin Tobaining, Napitali Toliron and Oscar Tovalue. In an 'emotional' meeting with Hay of 8 December, 'strong resentment was expressed [by councillors] that [the] Administration had waited until blood was shed before acting firmly. [The] Councillors said that if Administration action [was] not now effective, they would not be able to hold their own people back and there would be widespread violence'. Hay later reflected that it was 'very, very heart-rending to hear these things' and 'tragic' to see 'these old men, a number of them battered and bruised, sitting down and not really knowing what to do'.

[PAPUA – NEW GUINEA POST-COURIER]

focus of potential political and racial unrest. Nevertheless, the Defence Committee feels 'it is normal' for major units to be located in or near capital cities.

I observe only that we do not have a normal situation in Papua/New Guinea and I do think the Department of External Territories faces a tremendously difficult problem in developing a responsible constabulary side by side with equal difficulties in training a loyal P.I.R.

We are, of course, inhibited a little by the 1964 Cabinet Decision and Prime Ministerial Statement of our intentions in regard to the P.I.R.⁶ but if, in the Minister's view, developments since that date call for a review, this ought not to be resisted.

I doubt if there is much point in having further inter-Departmental discussions at any level and I know the Minister for External Territories has in preparation a Submission to Cabinet. For these reasons, the draft letter you have been good enough to prepare seems hardly appropriate and perhaps we could indicate to the Minister for External Territories our willingness to co-operate in having the matter dealt with by Cabinet.

[NAA: A452, 1968/2441 part 2]

215 NOTE FOR FILE BY WARWICK SMITH

Canberra, 6 August 1968

The Minister saw Sir Henry Bland this afternoon at 3.30pm. He had previously arranged to meet Mr. Fairhall in Canberra today to discuss the question of the strength of the P.I.R. Mr. Fairhall was not able to come and the Minister spoke to Mr. Fairhall by telephone.

The upshot of the telephone conversation was that Mr. Barnes would put in a Cabinet Submission stating his view and Mr. Fairhall would circulate a paper also.

Sir Henry Bland subsequently rang Mr. Barnes and said that Mr. Fairhall had spoken to him and he would like to have a talk with Mr. Barnes. This took place at 3.30 pm.

The Minister explained to Sir Henry that he was primarily concerned about the reliability of the force and secondarily about the economic aspect. Sir Henry Bland professed surprise to learn that the question of the reliability of the force was the major issue. He said that had this been known he was sure the Army people would have had a good deal to say. I said this was clear from the papers and I had told the Defence Committee clearly that this was the Minister's view.

The Minister mentioned that since it might take a little time to get a Cabinet Decision he had mentioned to Mr. Fairhall who had agreed that there should be no recruiting pending that decision. Sir Henry said that the next intake was for December and there was therefore no present question of deferring future recruiting.¹

[*matter omitted*]

[NAA: A452, 1968/2441 part 2]

6 See Document 190.

1 Warwick Smith and Bland later confirmed this understanding by an exchange of letters (see Warwick Smith to Bland, 7 August 1968, and Bland to Warwick Smith, 12 August 1968, in A452, 1968/2441 part 2).

216 SUBMISSION NO. 274, BARNES TO CABINET

Canberra, 9 August 1968

CONFIDENTIAL

Papua and New Guinea: strength of the Pacific Islands Regiment

In the light of past instances of disaffection in the PIR over pay and conditions of service and the implications of this for the reliability and stability of the Force, it was proposed to the Minister for Defence in March 1967 that the programme for expanding the PIR to three battalions plus supporting units, adopted by Cabinet in 1963, should be reviewed.¹

2. Following an examination made within the defence machinery in consultation with the Department of External Territories, the Defence Committee considers that a review should be undertaken not later than 1970 to decide the overall position of the defence forces of Papua and New Guinea, including the PNG Naval Division, air transport and other support requirements, and that meanwhile the Army should work to a PIR strength of 3,500 odd (including 650 odd ARA) by June 1969, i.e. two battalions plus supporting units. It is understood that the proposed review could be brought forward to early 1969.²

3. In 1961 indigenous soldiers rioted over conditions of service and further disturbances occurred among members of the PIR in relation to the Local Officers' Salaries issue in 1965 and 1966. In a submission to Cabinet in 1966 the Minister for the Army reported that the Commander in the Territory expected 'serious trouble' if an announcement on pay rates were not made in a matter of days.³

4. Since Cabinet's 1963 decision the Force has increased from 660 Pacific Islanders and 72 ARA to 2,455 Pacific Islanders plus 632 ARA. The indigenous strength has increased by some 260 since last October when it was agreed between the Ministers concerned that the matter of further expansion should be submitted to Cabinet. The Defence Committee's present proposal would defer the raising of the third battalion but would still expand the present indigenous strength by about 15 per cent by June 1969.

5. During this rapid build-up the degree of reliance on Australian officers and skilled personnel has increased. Only six indigenous officers have so far graduated and competition from other fields for school-leavers of a calibre suitable for officer training will be strong for some years yet. The larger the force created the more difficult will it be to have it staffed by indigenous officers by the time of self-government and the greater will be the likelihood of instability resulting from the accelerated promotion of inexperienced officers.

6. While doubts about the future stability of the Force exist it would be desirable not only to limit further recruitment to officer trainees and replacements, but also to avoid large concentrations as far as possible, and in particular to restrict to a minimum the strength at Port Moresby, which is the main centre of political activity and potential unrest.

7. On the economic side even a force of the present strength would be beyond the capacity of the Territory's economy to sustain for many years to come. Australia might well be willing to continue to pay for its maintenance, but we have been trying to avoid

1 See attachment B, Document 111.

2 See Document 190.

3 See Document 63.

creating institutions at a standard or at a level that a future PNG Government would not be able to maintain from its own resources. Moreover, a defence force which was dependent on outside maintenance would represent a serious limitation of sovereignty.

8. Because of the diversity of conditions comparisons with other countries do not offer a very helpful lead. Nevertheless for what it is worth a comparison on a population basis with some 35 developing countries suggests that a force of one battalion plus supporting units together with a small patrol boat force would be appropriate for Papua and New Guinea at its present stage of development. This would take about 2.6 per cent of the budget instead of 5.2 per cent for a wholly indigenous force of the present size.

9. Having regard to the basic problem of reliability a period of consolidation seems to be needed and there does not appear to be any external pressure to preclude this.

10. A reasonable course would be to hold the strength of the PIR at approximately the present level until the proposed review can be carried out, the target strength of the force to be determined when the results of that review are available to be taken into account, and in the light of the economic implications and any new facts or strategic considerations.

[NAA: A5868, 274]

217 MINUTE, ASHWIN TO JOCKEL

Canberra, 12 August 1968

CONFIDENTIAL

The Torres Strait islands

I have been meaning for some time to prepare a paper on this subject. I have made notes on the characteristics of the islands and had discussions on the subject when I visited the Western District of PNG in 1966. I have not, however, had or made the opportunity to discuss it in detail with Territories or Attorney General's, and in particular to consider the constitutional position. I am not therefore in a position to write a paper before I go on posting. The following short notes may be of some interest though.

2. There are over 100 Torres Strait islands but only about 20 are inhabited. Total island population in 1960 was 7½ thousand. This is likely to have doubled by 1975. The islanders are predominantly Melanesian in origin (i.e. [akin]¹ to the majority group in PNG) but with some aborigine, Polynesian and other admixture. The islands group themselves into four more or less distinct groups: the Northern group (particularly Boigu and Saibai) which hug the Papuan coast and are to a large extent mangrove swamp; the Eastern group (particularly Murray) some of which are volcanic; the Central group, many of which are mere sandbanks or reefs; and the Southern/Western group (Thursday, Prince of Wales, Horn) which are larger, granitic islands.

3. Queensland annexed the islands within 60 miles of Cape York in 1872, and the remainder (going as close as it could to Papua New Guinea) in 1879. Where the boundary runs is clearly set out (for example in an annex to the Papua New Guinea Act). As part of the boundary of the State of Queensland any proposal to amend it would appear to require

1 In the original, this word is typed 'alien' but a handwritten correction appears to render it 'akin'.

the concurrence of a majority of the voters in Queensland. If the boundary is not amended we will one day face a situation where islands within several hundred yards of the coast of an independent Papua New Guinea, and populated (sparsely) by people, who in terms of ethnic origin and culture are the same as those on the coast, are sovereign Australian territory. Furthermore, there is no reason to suppose that the illegal immigration (from the Western District to Saibai or Boigu and then often to Thursday Island) which takes place now would cease after PNG becomes independent. Apart from family connections, people from the Western District emigrate because of the belief that by so doing they can get the social services and education and employment opportunities available in Australia. The temptation thus offered would certainly be no less after PNG becomes independent.

4. Territories' position (as I understand it) is based on the view that the Islanders themselves want to remain part of Australia. As well, Australia has 'sound' historical rights. Therefore, no boundary revision is justified or required.

Historical rights

5. The history of the border is given in some detail in Van Der Veur's book on New Guinea's boundaries.² I don't propose to rehearse this. As Saibai and Boigu are 'offshore' islands to Papua, so Prince of Wales, Thursday and others can be regarded as 'offshore' to mainland Australia. There is, I think, a tendency in Territories and perhaps Primary Industries (Mr Setter³ has spoken in this vein to me) to think of the islands from one side of the straits to the other as an indivisible group. Examination of the navigational channels and the islands that are inhabited shows that this is not necessarily the case. Moreover, in the past, boundary lines other than that which has been adopted have been suggested, and rejected or ignored for no good reasons. Underlying the record of the acquisition of the islands and the adoption of the present boundary there is a strong element of Queensland chauvinism.

Self determination

6. There seems little doubt that the islanders themselves wish to remain part of Australia. They are in general much better off (in economic and political terms) than either the Papuans of the Western District or the Australian aborigines. There is a developed local government organisation (native councillors). However, in both political organisation and economic strength there seem to be marked differences between various island groups and particularly between Northern and Southern groups. The trend for economic and social reasons is towards resettlement in the Southern islands. Population of the Northern islands appears to be very low ([indecipherable]⁴ in 'Human Organisation', No. 2 of 1965 estimated that of Saibai at 250), and the difficulties of transferring the whole population of the Northern group in the event of a political decision to transfer those islands to PNG would not be insuperable.

The future

7. It would be wise for Australia to take this problem seriously and to work out a new boundary before independence comes to PNG, consulting with the PNG House of

2 Presumably, P.W. Van der Veur, *Search for New Guinea's boundaries: from Torres Strait to the Pacific*, Canberra, 1966.

3 C.G. Setter, Assistant Secretary, Fisheries Branch, Department of Primary Industry.

4 Author's name appears to read 'Becket' or 'Secket'.

Assembly and Torres Strait Island local councils in its preparation. After independence it could be more difficult to do so (because inter alia our own attitude may become even more inflexible) and some international, including particularly Indonesian interest in the situation could be generated. There is no defence, economic or other interest for us in the Northern group of the Islands. There are no great difficulties in settling on some median line, having regard to navigational channels. There are no insuperable problems (given the transmigratory trend) in self determination. PNG could be expected to welcome such action by us.

8. The principal problem is how to handle Queensland. Some quid pro quo is obviously required. In the inter-departmental discussion on oil search boundaries which took place in 1966, I attempted to put forward the idea that this quid pro quo could be found in the field of oil exploration rights in the Gulf of Papua. I was not able to make any headway at that time. I wonder if the quid pro quo cannot now be found in the field of fishing controls in the Barrier Reef and Gulf of Carpentaria areas.⁵

[NAA: A1838, 689/1 part 4]

218 MINUTE, STAREY TO JOCKEL

Canberra, 21 August 1968

SECRET

Situation in border areas of TPNG

Attached is a report drawn up by Mr. Galvin of External Territories and myself covering the situation in the border areas of TPNG as observed on our recent visit.¹

Contingency planning

2. As a result of this trip, and in the light of further information which has been forwarded to us by External Territories, I am satisfied that adequate contingency plans exist for handling an increase in the number of persons crossing the border into TPNG. The plans are not, and cannot be, rigid as it is not possible to predict the likely size of an increased flow. But provision has been made for the strengthening of the four key border posts (Wutung, Pagei and Imonda in the North; Weam in the South) as required by events. This reinforcement is to consist of extra Administration officers and extra police. The assistance of the PIR in handling the logistic and administrative burden would be sought only if the flow assumed proportions beyond the capacity of Administration and Police to handle. In the light of the extremely rugged nature of the terrain in the north, a mass entry by Sukarnapura-based West Irianese seems unlikely. While access to TPNG is much easier in the south, the relatively small population of Merauke and surrounding districts similarly makes attempted mass entry doubtful. Entry at points other than the four mentioned above is unlikely to be more than sporadic.

5 For Territories consideration of the boundary issue during 1968–9, see NAA: A1838, 1577/3/2/1 part 1. Evatt warned in June 1969 that ‘We seem to have lost sight of the fact that basically this is a political problem. The longer the delay in solving it the bigger will be the political storm which one day must break ... No solution will be possible without agreement with the Queensland government yet no official approach has yet been made to that government’ (minute, Evatt to Ballard, 13 June 1969, *ibid.*).

1 Not printed.

Role of the PIR

3. In the light of conversations with Administration officials in Port Moresby and in the field, I am now absolutely convinced that use of the PIR as an armed force should be made only in the most unlikely event that Indonesian Army units attempt a deep penetration of TPNG. The possibility of entry by such Indonesian units certainly cannot be ruled out. They would presumably be engaged in 'hot pursuit' of dissidents and it must be remembered that the border is not in fact marked (there are 14 small stone markers spread over 300 miles of jungle country). I imagine that the best way to defuse this problem would be to discuss it frankly with the Indonesian government. The burden of our approval should be that we will not permit or tolerate *any* use of TPNG by armed intruders, whether West Irianese or units of the Indonesian Army. Any armed dissidents who enter our Territory will be rapidly neutralized. As for the Indonesian Army, we are seeking the co-operation of the Indonesian government in ensuring that intrusions do not occur. If they do, whether by accident or in the heat of pursuit, unarmed Administration officers will quickly bring the intrusion to the attention of the unit or units concerned, and request withdrawal. We would be most reluctant, for obvious reasons, to confront intruding TNI² units with elements of the PIR, and would do so only if these units refused, when made aware of their intrusion, to withdraw.

A buffer zone

4. In our visits to the sensitive areas, we found that not only are applicants for permissive residence held for the whole of their waiting period at the border posts themselves, but both in the north and the south the practice has not been effectively implemented of moving approved permissive residents away from the border area. The drawbacks of this situation are clear. Not only do new crossers have available to them the advice of their predecessors as how best to answer questions, but even more importantly the West Irianese living close to the border form a potential, and I believe in one or two cases, actual link in the chain of communications from Port Moresby and Madang across the border into West Irian. This chain enables the transmission of printed material and badges produced overseas and presumably, the output of Hamadi in Madang (see below). In the north, there are several recently approved permissive residents living in Vanimo, which is almost adjacent to the border. One of them, Dominggus Itaar, is almost certainly a transmitter of nationalist material. He works for a Dutchman called Visser,³ who has business interests in Vanimo, and regularly visits a small camp of West Irianese just across the border from Wutung, ostensibly for romantic reasons. The point is that if we could lay down a policy whereby *no* West Irianese would be allowed to remain in the sensitive areas, either in the north or the south, we would go a long way towards disrupting the flow of material from TPNG to West Irian, and at the same time create an 'antiseptic' environment for the reception of new crossers. This might also be a useful card to play at some point in our future dealings with the Indonesians. In the case of the waiting applicants there would be no problem in moving them further away from the border, apart from that of selecting suitable locations in the north and the south. Mr. Toogood does not think this would be difficult. In the case of those, such as Dominggus Itaar, who have been living near the border subsequent to being granted permissive residence, new jobs would clearly have to be provided in such new locations as may be selected. But the policy, and the effort, is clearly worthwhile.

2 Tentara Nasional Indonesia—Indonesian National Army.

3 Adrian Visser, store owner and builder, Vanimo.

The special case of Hamadi

5. Hamadi, a West Irianese permissive resident in Madang, is apparently engaged, inter alia, in producing anti-Indonesian material. This probably gets across the border via Itaar/Visser in Vanimo. The legal aspects of confiscating Hamadi's products are being investigated by External Territories in consultation with Attorney-General's and the Crown Law Department in Port Moresby. Another approach to the problem would be to confront Hamadi with the knowledge we have of his activities, and let him know that unless they cease, he will be moved to a part of TPNG in which he would be unable effectively to engage in producing anti-Indonesian material for West Irian. As Hamadi is well established in Madang, and is in fact Council Clerk of the Madang local government Council, this sort of approach could well have considerable shock effect. A further precaution would be the implementation of the suggestion canvassed above for the removal of West Irianese from the border zone (in so far as this would disrupt the courier chain).

Interpretation capacity

6. Of the four significant border posts, only Wutung is in a satisfactory state as far as interpretation is concerned. There the officer-in-charge is himself a fluent Indonesian speaker and can exercise a check on such local assistance as he may employ (police, villagers). In Weam and Imonda, the Administration officers have to rely on local people or West Irianese permissive residents for interpretation, and in Pagei on an Army Civil Affairs Officer. I think it essential that each of the four posts should have an Indonesian-speaking Administration officer, as reliable interpretation is essential during the initial interrogation of border crossers.

Conclusion

7. As a unified approach to the above matters between ourselves and External Territories is essential, an early high level inter-departmental meeting is desirable. I understand that Mr. Galvin is recommending that External Territories convene such a meeting. The one question which involved another department is Contingency Planning, particularly with relation to the role of the PIR. This will be dealt with at the meeting between ourselves, External Territories and Defence scheduled for 2.30 p.m. on Friday, 23rd August.

[NAA: A1838, 936/6/9]

219 NOTES OF INTERDEPARTMENTAL MEETING¹

Canberra, 23 August 1968

SECRET

TPNG border contingency planning

THREAT ASSESSMENT

The consensus of opinion in discussion that took place in the light of oral assessments given by *Mr Starey* and *Commander Black* was as follows:—

- it was unlikely that disturbances would take place on the arrival of the United Nations Mission at Sukarnapura as West Irianese nationalist leaders would probably not want to show their hand at that stage. Latest intelligence reports supported this view;
- in the event of disturbances in the immediate future or later it was possible that there would be a selective movement of key personnel pursued by Indonesian police or troops, but the notion of large bands followed closely by Indonesian troops was somewhat unreal;
- Indonesia was unlikely to deliberately send armed forces into TPNG and any crossings by patrols would probably be due to misunderstanding because of lack of clear border demarcation. If troops did cross they would probably withdraw on request;
- as crossings for political reasons would be related to events in Sukarnapura and Merauke (in both of which centres the Indonesian authorities might take repressive measures before the end of the year) movements of political refugees would tend to be mainly to Administration posts closest to those centres (Wutung in the north and Weam in the south) and it would be wise to make provision for up to 2,000 refugees in the north and about 500 in the south;
- the road between Merauke and Weam made Weam the most likely centre to receive refugees in large groups; in the north, because of the difficulties of the country, they would be more likely to come through in dribs and drabs although total crossings might be higher than in the south;
- as the Indonesian authorities' intelligence collection was well organised and as they had had some success in combatting nationalist activities, it was possible that the nationalists would be less active in the future than in the past. Nevertheless the possibility remained that at some point of time West Irianese dissidents might decide that the act of self-determination was a mockery and that they had no alternative but to give up the struggle and get out.

CONTINGENCY PLANNING

2. It was agreed that, although an immediate increase in the flow of refugees was unlikely, lack of certainty about future developments made it desirable to plan courses

¹ The meeting was attended by representatives from DOET (Besley, Galvin and Legge), DEA (Jockel, Starey and J.S. Holloway (Third Secretary, Australian Embassy, Djakarta)), Defence (Commander A.D. Black (Naval Member, Joint Intelligence Staff) and Holt (initials and position unidentified)) and Army (Brigadier L.I. Hopton (Director, Military Operations and Plans, JPC) and Major (presumably, K.W. Major, Assistant Secretary, Planning Branch)).

of action related to the possibility of large-scale movements, and to obtain any necessary Ministerial approval for action proposed.

3. *Mr Holt* pointed out that the role of the armed forces in any situation that might develop would primarily depend on what the Administration itself could achieve with its own resources. It was therefore necessary to know what the Administration's plans were and what kind of help it might need.

Administration plans

4. It was agreed that, as it was uncertain how and in precisely what area or areas a situation might develop, what was needed was not so much a detailed physical plan for setting up refugee camps or establishing stocks of food and equipment at particular points, but rather a plan for the administrative control of a developing situation. This would involve drawing up a set of directions and procedures which would ensure speedy action to—

- handle requests from field staff for assistance;
- reinforce particular posts with DDA field staff, police and Public Health Department staff;
- transport additional food, medical stores etc. to the areas where they were needed;
- establish refugee camps where existing accommodation proved inadequate.

It was also considered that the plan—

- should include instructions to field staff and police (along the lines of PNG Command Operational Instruction No. 1/67)² for action in the event of contact with armed groups of refugees or Indonesian Army or police patrols;
- should give a general indication of the size of influx the Administration would need help to deal with.

5. *Brigadier Hopton* said that if it were thought that Army could assist the Administration to formulate its plans it would be happy to do so.

6. *Brigadier Hopton* pointed out that there were two ways in which Service assistance might be required to supplement the Administration's plans—

- (a) logistic and administrative assistance in handling a large influx of unarmed refugees; and
- (b) operational action within the limits of PNG Command Operational Instruction No. 1/67 in the event of Indonesian troops crossing into Australian territory.

7. As regards (b) action might involve taking charge of any refugees who were being pursued and informing the pursuing forces that they were now in Australian territory and must withdraw. Such action might be taken by Army patrols operating either separately or in support of Administration patrols but in either case the limits imposed by Operational Instruction No. 1/67 would apply.

8. It was agreed that it would be desirable to take all possible steps on the diplomatic side to prevent situation (b) from occurring.

2 See footnote 9, Document 213.

9. Defence would need to have information on the Administration's plans and requirements under both (a) and (b) as a basis for the further development of a Joint Service plan.

Diplomatic action

10. *Mr Jockel* stated that External Affairs had so far found it difficult to get to grips with the Indonesian authorities on the question of dissident West Irianese wanting to take refuge in TPNG. A start could now be made however on the basis of the Indonesian charge that West Irianese permissive residents in TPNG were carrying on anti-Indonesian activity. If the Indonesians could be assured that steps were being taken to hold these persons to their undertaking not to engage in such activity, it might be possible to give further assurances that any West Irianese whom we allowed into TPNG would be 'taken out of the game' so far as the nationalist movement was concerned.

11. It could also probably be pointed out at this stage that because of lack of clear definition of the border, troops of either side might inadvertently cross it, and to obtain agreement that in such an event the proper thing would be to withdraw immediately. Djakarta might even be prepared to instruct its forces that they were not to cross the border. It was important to try to get directives on both sides which would prevent incidents on the ground from taking place.

IDENTIFICATION OF INDONESIAN ARMED FORCES

12. On the question of briefing Administration officers and police on the identification of members of the Indonesian armed forces *Brigadier Hopton* thought that Papua and New Guinea Command would have all the necessary information for this purpose.

SUMMARY OF ACTION TO BE TAKEN

13. It was agreed that action should proceed on the following lines:—

External Territories

- To obtain from the Administration and pass to Defence particulars of the Administration's plans and requirements. (In this connection Army's offer of assistance to the Administration in formulating its plans was acknowledged.)
- To consult the Administration about the enforcement of undertakings by West Irianese permissive residents not to engage in political activity. (*Mr Besley* undertook to consult *Mr Jockel* further on this.)
- To obtain from the Administration a thorough assessment of probable Papuan and New Guinean attitudes to future West Irianese refugees.

Defence and Army

- When particulars of the Administration's plans and requirements were received by Defence they will be used as a basis for the further development of a Joint Service contingency plan.

External Affairs

- Once the necessary assurance regarding control of West Irianese permissive residents in Papua and New Guinea has been obtained from External Territories, External Affairs to take up with the Indonesian authorities the matters outlined at paragraphs 10 and 11 above.

220 LETTER, HAY TO WARWICK SMITH

Port Moresby, 2 September 1968

TOP SECRET

I enclose an 'Estimate of the Threat to Internal Security in the Territory of Papua and New Guinea and of the Territory's capacity to meet it from its resources—to 1973'.

This document was prepared at my request as an aid to assessing the situation, particularly in the light of developments which may occur as a result of events on the other side of the border with West Irian in the next year.

Independently the Chairman of the J.I.C.¹ has asked the T.I.C. to prepare an assessment of the internal threat. No doubt this would have to be a more comprehensive document than the one now attached, but the latter will serve as a useful basis for further study.

Attachment

20 August 1968

TOP SECRET

**Internal Security Committee T.P.N.G.—estimate of the threat to internal security
on Territory of Papua and New Guinea and of the Territory's capacity to meet it
from its resources—to 1973**

INTRODUCTION

1. In the preparation of this assessment use has been made of relevant sections of the following J.I.C. (Aust) estimates:—

- (a) J.I.C. (Aust) (65) 56—'Threat From Indonesia to the Territory of Papua and New Guinea'.²
- (b) J.I.C. (Aust) (67) 50—'The Threat to Australia and Her Territories'.³
- (c) J.I.C. (Aust) (67) 54—'The Effect on Australia's Defence Requirements of Developments in the Territory of Papua and New Guinea'.⁴

1 N.F. Parkinson.

2 See paragraph 7, Document 12.

3 September 1967 (no exact date). Excerpts from the assessment's cover note read: 'We believe that recent developments have reduced the likelihood of Indonesia pursuing an aggressive foreign policy in the years immediately ahead, and therefore the risk of limited war with Indonesia is slight ... The use of TPNG as a refuge for dissident West Irianese could lead to tension and even armed clashes in the border area and, should relations between Indonesia and Australia seriously deteriorate, Indonesia could be expected to intensify her activities against TPNG, possibly including raids by "volunteers" on military, police or Administration posts, or villages near the border. Although we see no likelihood of the present Indonesian Government initiating these actions as a matter of deliberate policy, Indonesia could be expected, nevertheless, to exploit any situation which may arise in TPNG, to further the extension of her influence there' (cover note by Parkinson, NAA: A452, 1967/3299).

4 With regard to PNG's internal security, this paper concluded that 'the pace of constitutional development appears to be satisfactory to most members of the House of Assembly and to the majority of the people at this time. There is, however, some discontent on this issue among the leadership of the more politically

ASSUMPTIONS

2. For the purpose of this assessment it is assumed that:—
 - (a) Demands for the independence of T.P.N.G. will intensify over the next five years. (The date by which independence might be achieved cannot be predicted.)
 - (b) West Irian will remain under Indonesian control.
 - (c) There will be a re-emergence of organised Communist political and subversive activity in Indonesia within the next five years.
 - (d) The strengths of the Police, D.D.A., and the Army do not fall below estimated essential establishment levels and that their operational efficiency remains unimpaired.

EXTERNAL INFLUENCES

3. T.P.N.G., with its emerging political awareness and movement towards independence, provides a considerable potential for exploitation by external powers with expansionist aims. In this connection the U.S.S.R., Communist China and Indonesia are the powers most likely to constitute a threat.
4. *U.S.S.R.* An overt threat from the U.S.S.R. is unlikely. However, it can be expected to encourage and assist the C.P.A.⁵ to establish communist organisations in T.P.N.G. by the provision of funds, propaganda material and training facilities. Should there be any lifting of travel restrictions between Australia and the Territory an influx of Australian Communist functionaries can be expected. (It is noted that there is no recent evidence of any direct propaganda attack from the U.S.S.R. apart from its United Nations Trusteeship Council activities.)
5. *Communist China.* Again no overt threat to the Territory is likely. However, there is ample evidence of Chinese Communist propaganda activities in the main centres of the Territory. These activities are as yet on a low scale and directed primarily at the Chinese community. Communist China is likely to attempt to intensify a spread of propaganda and if a suitable opportunity occurs, foster subversive activities aimed at creating internal disorder and unrest.
6. *Indonesia.* Because of the common border and ethnic links between T.P.N.G. and West Irian, Indonesian interest in the Territory is inevitable. Whilst currently there is a continuing improvement in relations with Australia it is not possible at this stage to predict the attitude Indonesia is likely to adopt towards T.P.N.G., either as a 'colonial' possession of Australia or as an independent nation sharing a common border with her own Territory.

aware groups and in the urban areas ... There is no indication that in the long term there will be a general and significant deterioration in race relations. However, multi-racial situations have proved highly explosive in other parts of the world, and racial tensions could quickly develop in TPNG ... exploitation, by communist or other subversive elements, of racial tensions or other causes of popular discontent such as social and economic disparities could endanger internal security ... This danger would be accentuated if the disaffection arising from such issues extended to the police and the PIR ... internal pressures, particularly in the United Nations, for the acceleration of constitutional development, have so far had little impact on popular views in TPNG. However, the younger and more radical leaders in the future could be encouraged in their actions by expressions of support in the United Nations forums' (cover note by Parkinson, dated 'July, 1967', NAA: A1838, TS666/67/54).

5 Communist Party of Australia.

7. Future policies towards 'East Irian' are likely to be based on previous attitudes such as:—

- (a) 'East Irian' represents a potential subversive threat to Indonesia through West Irian.
- (b) Indonesian assistance to the people of 'East Irian' if they wish to be 'free'.
- (c) The Indonesian desire for regional hegemony.
- (d) The support of any indigenous dissident movements against 'colonial' or 'neo-colonial' rule.

8. Frustrated political ambitions and/or dissatisfaction with economic or social conditions could lead to the emergence of subversive movements in T.P.N.G. which Indonesia might see advantages in exploiting. (It is unlikely that any internal situation would arise which would attract overt Indonesian military intervention.)

9. The internal security situation in West Irian continues to deteriorate. Also it now appears certain that Indonesia will ensure that the 1969 plebiscite is carried in her favour and she is prepared to use severe repressive measures if necessary. In the near future, but especially after the actual plebiscite, T.P.N.G. could become a refuge for dissident West Irianese. If the influx is large and/or includes a number of prominent West Irianese a tense situation could arise along the border. Should relations between Indonesia and Australia deteriorate at the same time, Indonesia could be expected to become active against T.P.N.G. possibly to the extent of raids by 'volunteers' on military, police or Administration posts or villages near the border. Any actions by Indonesia on these lines must have an upsetting effect on the internal security situation in T.P.N.G.

THE INTERNAL THREAT

Present situation:

10. The attitude of the majority of the indigenous population towards the Australian Administration is at present favourable. However, public criticism of Administration and Australian policies is increasing. Anti-European statements by individuals continue to be reported; although difficult to assess, these so far do not appear to have had an adverse influence on public opinion in general. Steadily increasing pressures of population on land resources in rapidly developing congested rural areas, causing an uncontrolled drift to the major towns of unskilled villagers despite their traditional reluctance to migrate to new farming land in distant areas, are linked {with} evolutionary trends likely to promote increasing indigenous unrest and criticism of the Administration.

The potential threat:

11. *Inter-Racial Unrest.* Multi-racial situations have proved highly explosive in many African countries and, more recently, in the United States. Tensions and actual disturbances based on racial differences are likely to develop quickly in T.P.N.G. Locally generated and maintained unrest would be difficult to cope with; unrest aggravated by external influences could present a serious threat to internal security. The U.S.S.R., Communist China and Indonesia have in the past been very quick to exploit any situation based on racial differences which serves their interests. Their experience in such situations is enormous.

12. Inter-racial unrest could arise from one of the following factors, or combinations of them:—

(a) *Racial discrimination*: Whilst much has been achieved in the elimination of racial discrimination from legislation and administrative practices, it is difficult to eliminate deeply entrenched social attitudes. Economic and social distinctions, particularly if manifested in patronizing or hostile treatment of the indigenous people by individual Europeans, will inevitably cause serious friction and lead to widespread resentment. Continuing restriction against the entry of indigenous inhabitants of the Territory into Australia is likely to cause a sense of rejection, particularly amongst the more educated.

(b) *Chinese community*: The comparatively affluent Chinese community is the subject of indigenous jealousy and, in the future, is likely to be the target of real hostility and probably violence.

(c) *Disparities in social and economic standards*: Wage differentials and conditions of service inhibit the maintenance of amicable industrial relations; strikes, political agitation and demonstrations are likely to be instituted by Public Servants and industrial workers, and students are quite likely to agitate and demonstrate in support. Much is dependent on the patience of the indigenous community to accept the differential in wages, job opportunities and housing situations until the economy can support increases, or by indoctrination and propaganda the community accepts that as in other Territories, there must be differentiations to attract overseas expertise.

(d) *Land ownership*: This question is potentially a cause of considerable racial friction. There has been a steady increase in claims to and some encroachment on land occupied by the Administration, expatriate commercial and private owners. Land disputes are likely to increase further as independence approaches, and people manoeuvre to 'state⁶ claims' to valuable expatriate property.⁷

(e) *Population pressure and urbanisation*: Two linked evolutionary trends likely to promote increasing indigenous unrest and criticism of the Administration are:—

(i) The steadily increasing pressure of population on land resources in some tribal areas (e.g. Tolai, Chimbu, Wabag, Maprik etc) coupled with the general reluctance of villagers to migrate to new farming land in distant areas. (While the current success attending the movement of settlers in the carefully organised oil palm scheme may help to break down these attitudes, it could also foster expectations that all future resettlement entitles participants to equal levels of Government assistance.)

(ii) Uncontrolled drift to the major towns of unskilled villagers results in a proliferation of shanty settlements and the emergence of an urban vagrant

⁶ This should perhaps read 'stake'.

⁷ Issues associated with land tenure were of ongoing concern of the Administration and Territories. For example, on 9 September the Territory's Public Solicitor, W.A. ('Peter') Lalor, told Barnes 'about the increasing number of claims which indigenous people were making that alienated land was native land. He told the Minister that it was clear from his records that the number of cases which were actually before the Courts or the Commission were just "the top of the iceberg"—a far larger number was likely to come forward. He said the most serious claim at the moment concerned one for the town of Lae ... he had every confidence that the claim if pressed in the Court would succeed; and if it did succeed the Administration would be up for the full value of the land and the improvements' (note by Ballard on discussion, 11 September 1968, NAA: A452, 1968/4850). In response to such problems, a Land Policy Study Group, consisting of departmental and Administration officers, had been established in January 1968 (see submission, Ballard to Barnes, 19 January 1968, NAA: A1838, 1967/7843).

element. The reasons for this drift are partly economic, but the urban migrants include a high proportion of young men primarily interested in seeking excitement and desirous of evading responsibilities.

(f) *Distribution of resources*: Administration and private enterprise distribution of financial, manpower and other resources, no matter how well intended or well planned, is never amicably accepted by all sections of the community, particularly by those who are in areas which are less well favoured. More favoured areas almost always get more attention than those less favoured ones; inevitably therefore, some of the people will be dissatisfied leaving the way open for the stirring up of political unrest.

(g) *Cargo and other cultist manifestations*: Cultist manifestations have been known to develop anti-Administration and anti-European characteristics, although their primary purpose is an attempt by magical means to bridge the gap between themselves and the demonstrably better favoured Europeans. 'Cargo' thinking is probably at the bottom of much of the resentment and envy of European and Chinese affluence. There is a marked tendency of participants in 'Cargo' cults to embark on unsophisticated independence movements.

(h) *Growing political consciousness*: So far political developments in T.P.N.G. have kept ahead of the expectations of the people. However, the continuance of what appears to an administering authority to be constructive and reasonable policies may not satisfy the rapidly accelerating political aspirations of a colonial people, who have the stimulus of example and increasingly frequent contact with other newly independent countries.

13. *Inter-racial friction*. The multiplicity of small tribal groups, which are extremely egocentric, makes it difficult for anyone from a particular group to gain the respect and allegiance of members of other groups, regardless of leadership qualities. Thus, while development is dependent on the emergence of national, or even regional, leaders, the tribal structure of the Territory works against such development. Whilst there is some evidence that this barrier is gradually being broken down, progress in this direction is extremely slow. In the transition from colonial dependence to independence against a background of traditional tribal isolation and distrust, the absence of national and regional leaders with popular support beyond the confines of their particular tribes inhibits the development of national unity and acceptance of the rule of law. The diminution of European influence with the Territory's law enforcement agencies is likely to exacerbate this problem.

14. *Relations between Papua and New Guinea*. Finally the tribal rivalries referred to above are compounded by the smouldering ill-feeling that appears to exist between many Papuans and New Guineans in general, and between Highlanders and Papuan coastal dwellers in particular; this ill-feeling is exhibited in outbreaks of lawlessness in the urban centres and claims by outspoken Papuans that New Guinea receives preferential treatment at the expense of Papua as a result of the Australian Government's desire to impress visiting United Nations missions to the Territory. With the union of Papua and New Guinea as one nation, and in the absence of effective controls, the current latent animosity which exists could cause a serious threat to internal security.

SUMMARY

The potential threat

15. Multi-racial situations have proved highly explosive in many African countries and, more recently, in the United States. Racial tensions, exploitable by communist or other subversive elements, and arising from such issues as racial discrimination, disparities in social and economic standards, land ownership, population pressures, urbanisation, 'Cargo Cultism', and a growing political consciousness, could lead to a serious situation and endanger the internal security of the Territory.

16. The absence of effective indigenous national leadership capable of gaining popular support inhibits the development of national unity. This combined with the progressive diminution of European influence within the Territory's law enforcement agencies in the move to independence can only serve to make the containment of public disorder and disunity more difficult. Any adverse situations arising would be further complicated by the latent animosity existing between Papuans and New Guineans which could be triggered off with little or no warning.

17. There is no indication at present of circumstances pointing to the materialization of the threat in the foreseeable future but owing to the explosive nature of its many constituent parts, plans to meet it should be kept continuously under review.

Capacity to meet the threat

18. The Territory's resources to anticipate and meet threats to internal security comprise various intelligence agencies, the Royal Papua and New Guinea Constabulary (including Reserve Constabulary and Special Constables), Field Officers (predominantly those of the Department of District Administration), and where applicable in emergency situations, the Defence {Forces} (mainly the Army). Provided that:—

- (a) the intelligence gathering and assessing machinery is strengthened and improved;
- (b) the strengths of the Police Force and Field Staff of the Administration do not fall below estimated essential establishment levels;
- (c) the Defence Forces are available to the Civil authority for internal security duties in support of the Administration resources; and
- (d) rapidly increasing indigenisation of those resources is not followed by any lowering of their operational efficiency.

then the Committee is of the unanimous opinion that the Territory is capable of coping with the types of internal threat which could arise in the foreseeable future.

19. This assessment assumes that the local elements of the security forces will remain loyal; serious disaffection, against a background of widespread racial turbulence, could necessitate the intervention of armed forces from the mainland.

221 NOTE BY HOOTON ON CABINET SUBMISSION NO. 274¹

Canberra, 10 September 1968

TOP SECRET

Papua and New Guinea—strength of the Pacific Islands Regiment*[matter omitted]*²

4. It is fundamental to all plans for Papua/New Guinea defence that the indigenous force should be both stable and reliable and capable of carrying out the role assigned to it. Instability in the force is likely to be the result of many factors and will not simply be cured by stopping or reducing recruitment. If the matter is as serious as the Submission suggests it will be very necessary for the review to cover the various social and economic problems which will affect the efficiency of the force. The review, in any case, needs to cover defence in the widest sense and to take into account the possibility of the use of forces in civil disturbances and the strengths of other forces such as the police.

5. Over the last three years the average rate of expansion of the indigenous force has been 327 per annum. The Defence Committee proposes that it go up by a further 389 by June 1969.

6. Our view is that expansion of the force should not completely stop, possibly losing all recruiting momentum; nor should there be any furious recruiting activity to achieve a figure based on a battalion structure which may not be all that relevant and involving, as it would, a higher rate of recruiting to June 1969 than has applied in the past. External Territories and Army should look to see what is a reasonable compromise, taking recruits as they come and certainly keeping recruitment at a higher level than wastage from the force. Recruitment could be kept at a reduced level such as this until it is clear in what direction future recruitment is to go.³

[NAA: A5619, C174]

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- 1 Document 216. After distribution of the submission, Gorton had intimated that the matter should be dealt with by the General Administrative Committee of Cabinet. Bunting, in his capacity as Secretary of the Cabinet Office, noted that Barnes was concerned the PIR might become 'a centre for disaffection' and that he wanted a review of the previous Cabinet decision on the size of the PIR. Bunting argued that the 'issue [was] central to the defence of New Guinea and that the [full] Cabinet ought to be in touch with it'. The Prime Minister responded: 'Very well. But it is such a minor matter that it cannot take a high priority' (submission, Bunting to Gorton, 9 September 1968, NAA: A5882, CO320).
 - 2 Matter omitted contains a description of the background to the submission, including the disagreement between Territories and the Defence Committee over halting further expansion of the PIR (the Department of the Army's opposition was not mentioned).
 - 3 In a marginal note of 12 September, C.L. Hewitt (Secretary, PMD) wrote to Gorton: 'I think that the best course on all counts is to require a review NOW not next year or the year after that'. Meanwhile, Treasury advised McMahon: 'the pace of developments [in PNG] should be matched with the ability to sustain them in the future and to developments in the conditions of other groups, e.g. police and public servants. The latter, otherwise, could lead to disaffection between groups. Moreover, the current threat assessment, both external and internal, is placed at a low level and a pause in defence expansion appears to involve little or no risk ... Since a force of indigenes should be cheaper to maintain than a composite Pacific Islander/A.R.A. force, progress should be primarily directed towards improving the P.I./A.R.A. ration, rather than towards expansion, and thus help to avoid the instability the Minister fears ... Whilst this is not the occasion to prejudice the forthcoming review, it is considered that the Defence line of continued expansion without a pause should be opposed and the Minister's recommendation supported' (submission, G.J. Tredinnick (Acting Assistant Secretary, Defence Division, Department of the Treasury) to McMahon, 13 August 1968, *ibid.*).

222 CABINET DECISION NO. 541

Canberra, 18 September 1968

TOP SECRET

Submission No. 274—Papua and New Guinea—Strength of the Pacific Islands Regiment¹

The Cabinet noted and accepted the need, referred to in the first paragraph of the Submission, for revision of the programme adopted by the Cabinet in 1963 for the expansion of the Pacific Islands Regiment to three battalions plus supporting units.

2. Further, having regard to the views expressed in the Submission, the Cabinet agreed that it would be a reasonable course to hold the strength of the P.I.R. at approximately the present level until the review of the overall defence forces of Papua – New Guinea recommended by the Defence Committee (and referred to in the second paragraph of the Submission) can be carried out.

3. It was noted that the overall review could be made early in 1969. It was the Cabinet's view that it should take place as soon as possible.

4. In accepting that the strength of the P.I.R. might be held at its present level pending the review, the Cabinet specially noted that it was not ruling out such marginal increases in numbers in the meantime as would serve operational efficiency and as may be agreed upon by the Minister for the Army and the Minister for External Territories in consultation.²

[NAA: A5868, 274]

¹ Document 216.

² Defence had in early September commissioned its own review of the PIR. See 'Report of the review committee into the future size and role of the army in Papua New Guinea', 11 December 1968, NAA: A6846, 18.

223 RECORD OF CONVERSATION BETWEEN MCDONALD AND SOMARE

Canberra, 19 September 1968

CONFIDENTIAL

Papua and New Guinea politics

I met Mr Michael Somare, the Pangu Pati leader, socially in Canberra on the evening of 19th September. After becoming acquainted I mentioned Mr Paul Lapun's call for a referendum on the future of Bougainville.¹ Somare admitted to some embarrassment over the issue and said Lapun had not discussed the matter with the party beforehand. He did not think Pangu would start promoting separatist tendencies, and illustrated his view with some light hearted ridicule of the idea of a Republic of the Sepik. Somare admitted however that he had been unaware of separatist sentiment on Bougainville and said he hoped to visit the island in the near future.

Other remarks of interest by Somare were as follows—

- (1) Pangu had consolidated its Parliamentary ranks with a membership of 10, but about 14 other MPs were showing sympathy and leaning towards the party. He thought 3 or 4 might formally join the party's Parliamentary ranks during the next few months. As it was, numbers of unaffiliated MPs were attending the party's meetings to discuss legislation.
- (2) He thought the idea of political parties was still suspect amongst the Highland members, and that many of the latter were beginning to resist being organised by European members. He also thought resentment was building up at the way some official members played on the ignorance of Highland members in presenting legislation.
- (3) He complained of the time allowed for MPs to consider legislation, claiming that it was normal for them to have no more than three days between first seeing a bill and voting on it for the final time. When told this was often also the case in Australian parliaments, he wondered if more time could not be given in Port Moresby because

¹ Separatism had been growing in Bougainville in 1968. A TIC paper of September commented: 'During recent months, Missionaries, Councils and Members of the House ... have advocated early independence or secession by Bougainville ... Independence in association with the B.S.I.P. was fostered by Roman Catholic priests such as Father Mahoney ... The independence/secession move has been highlighted by a political meeting in Port Moresby on 8th September, 1968, attended by two Bougainville M.H.A.'s, Paul LAPUN and Donatus MOLA, and about 20 people from Bougainville, at which a resolution was passed to the effect that Bougainville M.H.A.'s should move in the House ... for a referendum to be conducted in Bougainville, in one or two years time ... It was stated in the resolution that there is a growing feeling among many people of Bougainville that they should be "masters of their own destiny" and have "full control over their own affairs". This was subsequently taken up in the House of Assembly where Lapun was asked to reconcile the efforts being made towards national unity—i.e. his sponsorship of a Bill to introduce a single name for T.P.N.G.—and his suggested referendum. In reply, Lapun stated that he considered that the referendum in no way conflicted with his Bill' (TIC paper no. 3/68, 'Situation report on the Bougainville District', 12 September 1968. NAA: A452, 1968/4999). In DOET, a 'note for possible question' on the matter was prepared for Barnes. It asserted that exploitation of the copper deposits was 'critical to the economic development of the Territory'; that the benefits of the copper would go to the Solomon Islands if Bougainville joined the Protectorate (and in which case land owners would be worse off due to special provisions which had been inserted into PNG law); and that Australia, with the support of the Trusteeship Council, aimed for national unity of the whole Territory. In marginalia, Warwick Smith added that the 'unity of PNG could be threatened' by a persistent secession campaign (note by Ballard, 11 September 1969, NAA: A452, 1968/5430).

of the lack of political experience and limited amount of party organisation amongst its parliamentarians.

(4) Pangu hoped that some form of self government might be introduced before or during 1972. He would like to then see all portfolios except the Treasury and Attorney-General's being in the hands of full Ministers appointed by the Assembly; and the House having full powers except for external affairs, defence and security. He was, however, not optimistic about this coming about and didn't see Pangu obtaining more than one or two positions in the next Select Committee on Constitutional Development.

(5) He thought that outside the Vanimo area there was little awareness or concern amongst the people of the Territory for West Irian causes.

[NAA: A1838, 689/1 part 4]

224 MEMORANDUM, DOET (BALLARD) TO DEA

Canberra, 19 September 1968

C.R.A. Activities on Bougainville—to August 1968

In view of the recent press reports on C.R.A. activities at Bougainville, it is considered that the attached statement on the situation may be useful.

Attachment

STATEMENT ON C.R.A. ACTIVITIES ON BOUGAINVILLE

Background information

The following is an extract from a statement forwarded to the Administrator in February, 1967, setting out the steps which the Minister decided should be taken in handling the C.R.A. mining activities on Bougainville.

[*matter omitted*]¹

Present situation

2. After a re-assessment of the potential of the Panguna deposit, C.R.A. proposed to go ahead with the following surveys as a matter of urgency—

- (1) Townsite in Pakia area.
- (2) Road realignment.
- (3) Power transmission line.
- (4) Tailings flume to stacking site.
- (5) Geological survey for several quarry sites to supply construction aggregate.
- (6) Siltation study by Franzini of Bechtel Corporation.
- (7) Water supply—possible pumping station near Jaba Kawerong junction.

¹ Matter omitted (expecting grammatical amendments) matches text in Document 88, sub-paragraphs (b)–(h) and sub-paragraph (j) under heading of 'Action to be taken in relation to the actual mining area'.

[*matter omitted*]²

4. The increased tempo of survey work both within and without Panguna Valley is bringing to an end the period of quiet and comparative acceptance of operations by the people.³ It will also stimulate support for the Panguna people in an ever widening circle, particularly as the township area and some of the other land subject to survey include substantial acreages of cultivated land.⁴

5. The Administration has urged the Company to avoid where possible simultaneous survey activity on a number of fronts. The Company agreed to allow a period of eight weeks for the Administration to prepare the people for the proposed surveys. This operation is now underway.

6. Further precautionary measures were taken on the part of the Administration. For example, three additional patrol officers were posted to the Kieta area; also the police force there was enlarged to 60.

7. The stepped up C.R.A. activities have already caused several disturbances, with two incidents resulting in arrests. The first incident occurred near Unabato village on 8th July, 1968, when a party of geologists with an Administration and police escort met opposition when the geologists were taking rock samples from a river in the area. After a skirmish in which the C.R.A. men were several times pushed into the river, one man was arrested and taken to Kieta.⁵

8. The second incident occurred at Pakia village also in the Kieta region, on 22nd August. A party of eleven Papuan and New Guinean assistants clearing a line for a survey of a possible road site was ordered to withdraw by Teiori, a Councillor in the Kieta Local Government Council, and other men from Pakia. It was alleged that Teiori waved a knife and knocked one of the assistants to the ground. An investigation was made by the District Officer, Police Officer and fifteen police who after a skirmish arrested nine men including Teiori. A magistrate from Rabaul is to hear the charges against the men.

2 Matter omitted includes details of dates suggested for surveys, covering the period June–December 1968.

3 Protest had slowed during 1967. In October of that year, the TIC had commented that ‘Although the situation in Bougainville remains sensitive the people are now more resigned to the mining activities mainly due to the efforts of Administration officers, backed by a strong force of police, to keep the people informed of proposed developments and their implications’ (MIS no. 9/67, 6 October 1967, NAA: A1838, 936/3/15 part 4).

4 Acute problems had already arisen in connection with possible mine township sites. Hay wrote to Warwick Smith on 19 July that ‘C.R.A. are interested in utilising an area containing the village of Pakia as the site for the township ... The view of the Administration is that there will be strong resistance ... The area, while suitable for C.R.A. purposes, is a productive one. It is heavily planted up. The villagers have said in no uncertain terms that they will resist. There is no immediate possibility of field staff persuading them either to accept compensation or alternative land elsewhere (even if such land were available)’. Hay proposed to write to CRA, recommending ‘very strongly’ that an alternative site favoured by the Administration be investigated (NAA: A452, 1968/5430). Hay’s letter was apparently written after a meeting on the same day of senior Administration officials, who had warned that ‘the Company was adopting an unrealistic approach to the selection of a townsite. If it persisted in going ahead in Pakia without even examining alternative sites, a political situation would arise which would be damaging to the long term image of the Company and one which could possibly lead to blood shed’ (record of meeting between Henderson, Johnson, Watkins, Grove and Ellis, *ibid.*).

5 CRA’s perspective on events was recorded by Mawby in a letter to Warwick Smith of 30 July: ‘Everything is going quite well in Bougainville and I sincerely trust that we shall be able to win the confidence of the natives so that no trouble will be experienced in our project’ (NAA: A452, 1968/3970).

9. During the previous week the District Commissioner and Deputy District Commissioner had visited the general area to explain to the people that the road surveys would be carried out. Councillor Teiori had not expressed his acceptance of the surveys.

10. Mild vocal opposition is being raised to several other projects and escorts are being provided for all C.R.A. parties. No further violence has been recorded.

[NAA: A1838, 936/4/13]

225 LETTER, BARNES TO WRIGHT¹

Canberra, 25 September 1968

In your letter of 22nd August you drew my attention to Senator Laught's² suggestion that a small number of Papuans and New Guineans be recruited into the Department of External Affairs for training at the tertiary level and later for appointment in the Australian Diplomatic Service and in any diplomatic service of the future for Papua and New Guinea.³

Senator Laught's suggestion is an interesting one but at this stage in the Territory's development may be premature.

One point that leads me to this conclusion is the present acute shortage of suitable young educated Papuans and New Guineans for all essential services in the Territory. The demands for tertiary training and employment of those people will exceed the supply for some time ahead and consistent with the Government's policy of localisation of the Public Service will be the necessity to use these officers to the best advantage of the Territory.

I also consider that the setting up of a scheme of training for diplomatic work presupposes that a self governing Papua and New Guinea would wish to conduct its own foreign relations. That decision is one of the many that must be decided by the people of the Territory when they consider they are ready to determine their future constitutional status. Similarly, it presupposes a Government decision that it would not wish to conduct the Territory's foreign relations if so requested. No such decisions have been made and are quite properly ones to be dealt with at the time by the future Territory Government and the then Australian Government.

In reaching its decision at that time it is possible that future Territory leaders may consider that the costs of conducting their own international relations are beyond them. Alternatively, they may find, and many newly independent countries have found, it to be impracticable financially to establish a full diplomatic service, and rather may meet their limited requirements by drawing on their public service or political figures. With such possibilities ahead, it would seem unwise to raise the aspirations of those who might be

1 R.C. Wright, Senator for Tasmania, Minister for Works and Barnes' representative in the Senate.

2 K.A. Laught, Liberal Party Senator for South Australia and member, Joint Parliamentary Committee on Foreign Affairs.

3 Wright had noted that in his parliamentary reply to Laught he had invited Barnes to discuss the suggestion with Hasluck. Wright requested Barnes' comments (see NAA: A452, 1966/3850).

drawn to diplomatic training, but might never realise themselves in the practice of their profession.⁴

It is necessary, of course, to provide Territory people, both public servant and politician, with experience in international affairs and exposure to peoples from other parts of the world. This is presently being done. An increasing number of indigenes are attending international conferences and meetings as members of Australian delegations. Many are receiving fellowships and grants to study overseas. I am hopeful that the number of these opportunities will increase considerably.

I am sending a copy of our correspondence on this matter to the Minister for External Affairs.⁵

[NAA: A1838, 936/6/10 part 1]

226 LETTER, HAY TO WARWICK SMITH

Port Moresby, 28 September 1968

CONFIDENTIAL

Report on the Second Meeting of the House of Assembly 26 August – 12 September 1968

I attach copies of a report which has been prepared by officers of the Administration and edited by myself. I would be glad if it could be brought to the Minister's notice.¹

Attachment

1. The purpose of this report is to draw attention to the main issues before the House and to significant trends and attitudes which became evident during the meeting. The report is supplementary to the daily reports on the details of legislation and voting which have been sent by teleprinter.

4 Reacting to Laught's proposal in a note of 22 August to Warwick Smith, Barnes had written: 'I am unable to contemplate the Territory bearing the cost of a diplomatic service for years to come'. He had added, however, that subject to considerations of manpower shortages, 'experience in world affairs could be an advantage' (ibid.).

5 In a minute to Booker and Doig of 4 September, McDonald of DEA had written that he had spoken to Hay in April, who had said he 'would oppose proposals for Papuans and New Guineans to be trained for the foreign service for some years yet ... [because] of the scarcity of qualified indigenes in the Territory, and [the] need to absorb all those now at universities into local administration positions' (NAA: A1838, 936/6/10 part 1).

1 The letter and report was later attached to a submission from Ballard to Barnes, which summarised the contents of the report (16 October, NAA: A452, 1968/5271).

The Chatterton bill²

2. The most significant single time,³ in the eyes of the majority of the elected members, was the private members bill moved by Mr. Percy Chatterton for a commission of enquiry on Local Officers' salaries. The debate on this overshadowed the more lengthy budget debate which, because of the generally good reception of the budget, tended to be non-controversial.

3. The bill was defeated by 54 votes to 23. But these figures, while satisfactory from the Administration's point of view, should not be regarded as signifying lack of sympathy for the Local Officers in their claims for higher salaries. The P.S.A. and the Local Officers have achieved some success from their lobbying, which is a new factor to most members. The higher salary levels are thought to be adequate; but there is a feeling among many MHA's that the base grade levels are too low, and that at least in some urban areas there should be a readjustment of the family needs allowance. Some members believe the Administration should take the initiative on these matters. The Government argument that the Chatterton bill was a threat to the arbitration system was effective but was hampered, insofar as most indigenous Members were concerned, by the general ignorance of the system. The main causes of the satisfactory voting figures were effective presentation by both Government and European elected members, and the attention given to Mr. Lussick's proposed bill to amend the Arbitration Ordinance itself. This bill was considered as a reasonable compromise which would prevent Chatterton's supporters being shamed and which would give those who voted against his bill an explanation to Local Officers who had been threatening opposition at the next election. Additionally, the fact that Pangu strongly supported the bill perhaps did Chatterton more harm than good. Pangu's coercive tactics directed against MM's and AMM's caused the latter to dig their heels in, and served to discredit Pangu in the eyes of the majority of the House.

The budget

4. The budget was, as stated above, well accepted. What criticism there was came from some European elected members who considered that the budget was weighted too heavily in favour of education, and that insufficient attention was being accorded to rural development. On another aspect of education policy, some elected European members sought to have full educational subsidies for children of overseas officers at school in Australia extended to the children of expatriate parents in the private sector.

5. Most members spoke on the budget. Ministerial and Assistant Ministerial Members read prepared statements on the work of their Departments. Some private members, notably from Pangu but including non-Pangu men like Paulus Arek and most of the European members, spoke on policy issues. The majority of speakers used the debate to promote the interests of their electorates. The time taken in the Second Reading debate on the budget meant that there was little time left for detailed discussion in the committee stages. There was no debate on the bills embodying the new tax measures proposed in the budget speech.⁴

Amendments to the Land Titles Commission Ordinance

6. There was some initial doubt as to the acceptability of the amendments proposed by the Administration to enlarge the tribunal for important cases and also to re-define the

2 See editorial note 'Tensions in the House: the Chatterton and Lussick bills'.

3 Presumably, this should read 'item'.

4 Newman announced that an additional \$1 million of internal revenue would be 'raised by increases in rates of individual income tax ranging from 1.1 per cent to 12.5 per cent' (*House of Assembly debates*, 27 August 1968, NLA: Nq 328.952 PAP, p. 217).

grounds of appeal against decisions of the Commission.⁵ This arose from criticism that the amendments were designed to strengthen the Administration's position in respect of appeals already lodged but not heard. In the event, opposition proved to be centred mainly in areas concerned with the appeals (Port Moresby and the Gazelle). General opinion strongly favoured the amendments and they were passed by a comfortable margin.

Salaries of mission teachers

7. There was consistent pressure on the Administration for higher salaries for Mission teachers. The indigenous elected members do not see the importance, or the need, for the Administration to exercise additional control in the event of an increase in Mission teachers' salaries. They saw this as a clear cut case of the Government against the Missions. Their sympathies were with the latter. This was in part due to the Roman Catholic Mission's propaganda and tactics, which proved effective. The possibility of a motion or private member's bill on the matter was avoided by a general statement on education policy by the Ministerial Member for Education in the closing stages of the meeting.

Other issues

8. A number of European elected members tended to show some concern with regard to what they considered to be a lack of emphasis upon involving the Papuans and the New Guineans in the economy. Indications of this were to be seen in Meanggarum's (Pangu) motion on indigenous shareholders in Territory companies;⁶ in Leahy's budget speech call for a land-based indigenous middle-class; and in the proposed Cecil Abel (Pangu) bill on Incentives to Employers to provide training and advancement for Territory workers. Additionally, there were several mentions during Adjournment debates of the need for the Administration to give more support to indigenous people in business, in both rural and industrial situations.

9. It is likely that the forthcoming 1969 'act of ascertainment' in West Irian will arouse increased interest among elected members at future meetings. There were some references and questions concerning West Irian's future, and refugees, at the last meeting. Chatterton and McKinnon are likely to take an active lead in bringing pressure to bear.

10. Mr. S. Uroe⁷ appeared to have a lot of support concerning his criticisms of land settlement schemes throughout the Territory.⁸ The Government Leader in the House

5 It was proposed that the Land Titles Commission would consist of 'the Chief Commissioner and two senior Commissioners when it deals with any question as to whether land is native land or not, and with any matter under the New Guinea Land Titles Restoration Ordinance'. Regarding appeals, it was suggested, *inter alia*, that in cases where each Commissioner's view differed the decision of the senior member would be regarded as definitive and that where an appeal was made to the Supreme Court without sufficient evidence, the matter was to be handed back to the Commission (9 September 1968, *ibid.*, pp. 416–7).

6 Meanggarum moved that a select committee be appointed to 'consider and report to this House on methods of increasing participation by indigenes in economic development through increased shareholdings in Territory companies and [on] the problems involved, including the provision of stock exchange or share marketing facilities and any statutory or other machinery requirements'. Meanggarum contended that 'we cannot achieve unity unless we co-operate to create a feeling of nationhood' (3 September 1968, *ibid.*, p. 315).

7 N.I. Uroe, MHA, Rigo–Abau open electorate.

8 Uroe argued that the 'present system of land settlement as exemplified in my electorate is an indictment of shocking lack of planning, lack of co-ordination between departments concerned, lack of guidance and very little supervision, if any, and therefore a waste of valuable human resources'. He urged that the House press the Administration to 'consider the creation of a national land settlement policy with a high degree of priority and urgency in planning and execution' (10 September 1968, *ibid.*, p. 446–7).

suggested that some members might like to acquaint themselves with the Hoskins Oil Palm Settlement scheme. It might be a good idea to make some firm arrangements in this regard, so that as many members as possible could witness the progress being achieved in that area. But we can still anticipate pressure from people like Uroe and Arek, to improve existing and earlier land settlement projects.

11. There was also strong support, both in the House and in the lobbies, for Fielding's⁹ and Voutas' demands that MHA's be members of District Co-ordinating Committees.¹⁰ This issue will surely come up again at later meetings.

12. It is difficult to predict accurately what attitude indigenous elected members will adopt in the event of Mr. Lapun or Mr. Lue tabling a firm motion calling for a referendum to determine the future constitutional status of Bougainville.¹¹ But the strong and reiterated support in the House for national unity suggests that such a motion would be defeated by a large majority. The question asked by Mr. Middleton¹² on the matter was fielded well by Mr. Lapun. And the question asked of the Government Leader by Mr. Casey¹³ seemed to cause little reaction.¹⁴

13. The Pangu Pati pressed for a separate Local Government Department. A bill to give effect to this was prepared but presentation was deferred until the November meeting, no doubt because Pangu wanted more time to marshal support. A number of indigenous MHA's, including several MM's and AMM's, are in sympathy with this proposal, partly because they believe it would result in more assistance to Councils. Pangu speakers also used the argument that officers trained as kiaps could not be expected to undertake advisory duties as well. Most Highland elected members would probably oppose the bill, especially if they could be shown that D.D.A. will be in a position to lend more support by way of staff resources, so long as Local Government remains a part of the Department.

14. There was no formal move for the setting up of a further committee of the House on constitutional development, but the matter is much in members' minds and it can be expected to come before an early meeting.¹⁵

9 W.J. Fielding, MHA, Northern regional electorate.

10 See footnote 4, Document 72.

11 See footnote 1, Document 223.

12 J.M. Middleton, MHA, Sumkar open electorate.

13 N.M. Casey, MHA, Kainantu open electorate.

14 Henderson was asked whether he had heard the ABC report of the previous evening 'concerning the independence movement in Bougainville' (*House of Assembly debates*, 10 September 1968, NLA: Nq 328.952 PAP, p. 432).

15 The Administration and Canberra had been wary of possible moves on constitutional development. Responding to a comment by Hay that Port Moresby would 'prefer to avoid' a new committee (telex 6904, Hay to Warwick Smith, 13 August 1968, NAA: A452, 1968/4411), Warwick Smith instructed: 'If any proposal is put forward for the establishment of a further constitutional committee to consider changes in executive government the Minister would wish Official Members to speak and vote against this proposal on the grounds that the present system should be given the opportunity to work in practice for a little while to provide a basis for assessment. It should be stressed that ... the previous select committee report adopted by the previous House and accepted by the Government specified a minimum period of two years before the powers and duties of Ministerial Members should be reviewed'. Warwick Smith had advised that the Administration could protect against an examination of executive government by countering with 'a proposal for a select committee to examine electoral matters including systems of voting' (telex 270/5978, Warwick Smith to Hay, 16 August 1968, *ibid.*)

The Pangu Pati

15. In terms of membership, Pangu's numbers were reduced during the meeting and it now probably can count on not more than eight genuine members, and then not all of those will stand firm on all issues (Paliau, e.g., did not vote on the Chatterton bill). Party members made effective contributions on a number of policy issues, notably the budget. Their tactics in giving several members the opportunity to introduce positive, non-controversial private members' bills were also effective. Clearly they had access to aid from outside sources to enable them to do this, but they also had a small and useful secretariat. On the other hand, the party's leader, Mr. Somare, antagonised a number of members by his interjections and occasional personal attacks. The use of pressure tactics by him and Mr. Voutas in the debate on the Chatterton bill did much to stiffen the resolution of some members whose support for the Administration position was doubtful. Pangu continued to get press and radio publicity out of proportion to its membership.

The independent group

16. This group was more active and better organised than in the first meeting. No definite leader has emerged. Rivals for this position were thought to be Mr. Neville and Mr. Watts. However, much of the organisation and policy formulation appears to have been in the hands of Mr. Lussick, who worked with a small committee of European regional members. This committee in turn worked to the non-committed indigenous members. It is too early to judge the potential of this group. But clearly more attention will be given to its organisation. Those promoting it claim to have access to funds, aim to ensure full participation by indigenous members in decisions, and will try to follow prepared policies in an organised and non-provocative manner. The latter point is important. The habit of some members in baiting Pangu could cause a pro-Pangu reaction. Also, Mr. Arek on one occasion was critical of 'some Europeans' (presumably the group's committee) for bringing pressure to bear on indigenous members who needed more time to think things over. Progress of the group towards a full-scale political party may lead to some conflict of obligations on the part of MM's and AMM's who belong to it, but Mr. Lussick sees no difficulty in their obligations under the 'Arrangements'¹⁶ being overriding.

The Speaker

17. Mr. Guise showed growing confidence in his handling of the House. But his methods were on occasions thought to be dictatorial and members were critical of a tendency to order the business of the House to suit his convenience, rather than to adhere to normal hours and put in a deputy when he had to be absent.

The Ministerial and Assistant Ministerial Members

18. The MM's and AMM's showed increasing confidence during the meeting. Questions and statements were quite well handled, and will be better handled in the future. MM's and AMM's are still reluctant to identify themselves with the Government. When pressed they deny that they are 'Government men'. And while agreeing not to ask questions, they have taken advantage of the Administration ruling that they can make adjournment speeches on affairs in their electorate so that they can show their electors that they have not forgotten them. On the other hand, attempts by, for example, Mr. Voutas to label them as stooges have not succeeded. The fact that some five MM's and AMM's did not vote on the Chatterton

¹⁶ See Document 197.

bill and two did not vote on the Land Titles Ordinance amendments caused some criticism of the ministerial system as such. But in all cases the decisions not to vote were due to commitments, which were virtually inescapable, to electors. In the absence of any political or party organisations in electorates, this kind of attitude is inevitable, because the MM's and AMM's have no-one to turn to in order to protect their electoral interests.

The operation of the House of Assembly

19. In general the Official Members have been able to lobby with reasonable effectiveness, but the nature of the House is still such as to render it impossible for the Official Leader to control the business of the House in every detail. The business of the House moves quickly and unpredictably. The tendency of individual members to bring in private bills rather than move motions is growing. The House is essentially a place where the Melanesian spirit of compromise prevails. This means that the Administration cannot expect to have its own way in every detail and has to be prepared to give ground on the less important matters in order to be sure to get its way on major matters. These factors point up the need to have our legislative programme planned and prepared well before each meeting of the House.¹⁷

[NAA: A452, 1968/5271]

227 MINUTE, LEGGE TO WARWICK SMITH

Canberra, 2 October 1968

TOP SECRET

Threat to internal security in TPNG

In relation to the attached paper¹ you asked for comments on

- (a) the argument;
- (b) arrangements re defence forces

THE ARGUMENT

Reference documents

- JIC (Aust) (65) 56—'Threat from Indonesia to the Territory of Papua and New Guinea'—is pre October 1965 and therefore is somewhat out of date as regards Indonesian attitudes.

¹⁷ See Document 204. The Government was concerned at the manner in which motions were being put. Warwick Smith wrote to Hay of the 'need to ensure that practices do not develop of rushing motions through the House ... without sufficient time being allowed for discussion ... During the recent sittings of the House there was a tendency for private members to move the suspension of standing orders, introduce motions without prior notice and have the vote taken all on the same day'. Warwick Smith underlined the 'Minister's concern that ways consistent with progress towards eventual responsible government be found to help towards a better understanding by members of proposed legislation' (memorandum, DOET (Warwick Smith) to Administration, 6 November 1968, NAA: A452, 1968/4412).

¹ Attachment to Document 220.

- JIC (Aust) (67) 50—‘The Threat to Australia and Her Territories’—has been superseded by JIC (Aust) (68) 50 which takes a slightly more favourable view of current Indonesian attitudes to Australia.
- JIC (Aust) (67) 54—‘The Effect on Australia’s Defence Requirements of Developments in TPNG’ can be regarded as reasonably up-to-date.
- All the above papers were prepared in consultation with this Department.

Assumptions

- Assumptions (a) and (b) seem reasonable.
- I can find no basis for assumption (c) in any recent JIC document and in view of recent Indonesian action against the Communists I would not consider it justified.
- It is not clear what is meant by ‘estimated essential establishment level’ in the case of the Army, but the level required in assisting in the maintenance of internal security seems to be implied.

External influences

- Paras 3–6 appear reasonable although the CPA reaction to the Soviet occupation of Czechoslovakia makes future relations between the CPA and the CPSU² and continued financial support of the former by the latter uncertain. JIC supports the view that the lifting of travel restrictions between Australia and the Territory would result in an influx of Australian Communist functionaries but extent of this would depend on adequacy of CPA funds.
- Para 7—The statement that future policies towards ‘East Irian’ are *likely* to be based on the previous attitudes listed, which are those of the Sukarno period, is unsupported. The present JIC view as expressed in paras 7 and 8 of JIC (Aust) (68) 50 is that—
 - Indonesia is primarily interested in improving relations with Australia as a neighbour with a view to obtaining assistance, especially economic.
 - Indonesia may seek bilateral links with Australia and South-East Asian countries to oppose Communist expansion and subversion.
 - At the same time possibility remains that future Djakarta government might revert to less responsible and possibly aggressive policies.
 - Possible source of friction would be use of TPNG as a refuge and source of support by dissident West Irianese.
- Paras 8 and 9 considered reasonable.

Internal threat

- The argument of this section is considered reasonable.
- All the factors mentioned have figured in various Defence Department papers prepared in consultation with this Department, in particular JIC (Aust) (65) 56 and JIC (Aust) (67) 54, although in one or two places increased emphasis is given, or an idea that has not figured in earlier papers is introduced. For example para 12(d) gives increased emphasis to the possibility of racial friction over land

2 Communist Party of the Soviet Union.

ownership. Lands Section confirms there has been an increase in claims to and encroachments on alienated land. Paras 12(g) introduces the undocumented statement that ‘there is a marked tendency of participants in ‘cargo’ cults to embark on unsophisticated independence movements’.

- Antagonism between Papuans and New Guineans is another factor that has not received much emphasis in earlier papers but which should not be overlooked. I myself heard New Guineans complaining to the 1965 UN Visiting Mission about excessive expenditure in Port Moresby. The recent football riot in Port Moresby is further proof that such feelings exist.³

Summary

- Paras 15 and 16 are a fair summary of the earlier considerations.
- Para 17 would in my view be improved by mention of the need to keep all the factors referred to in mind when policies are being formulated.

ARRANGEMENTS RE DEFENCE FORCES

- Para 18(c) should include reference to the need for Commonwealth Government approval for use of the forces in aid of the civil power and perhaps should be reworded to read:—
 (c) the approval of the Commonwealth Government to the use of the Defence Forces in aid of the civil power can be speedily obtained where this is necessary to maintain internal security.

[*matter omitted*]⁴

[NAA: A452, 1968/4161]

³ See Document 207.

⁴ Matter omitted refers to procedures for call-out of military forces in aid of the civil power. See editorial note ‘Internal security planning’.

228 MEMORANDUM, UNNY (ROGERS)¹ TO DEA

New York, 5 October 1968

RESTRICTED

Papua and New Guinea annual reports

Reference is made to your memorandum No. 488, dated 4th September ... on the above subject.²

2. Your memorandum gave a further examination of the question of combining in future the two reports at present presented separately to the General Assembly on the Territory of Papua and the Trust Territory of New Guinea.
3. You have reviewed our advice given in our telegram No. 1210, that the arguments for the more economical preparation and presentation in one report of the voluminous material which we submit were outweighed by the fact that the combining of the two reports would be a departure from 20 year-old practice, and would play into the hands of the members of the Committee of Twenty-four who are ill-disposed towards us.³
4. We are glad to see that taking our comments into account you have decided that at least for the next year the Department of External Territories will continue to submit two reports.
5. We understand, of course, the great amount of work involved, and the time-consuming burden it must be to officers of the Administration of the Territory and officers of the Department of External Territories to have to produce two reports. The initial reason

1 K.H. Rogers, Minister, UNNY.

- 2 The memorandum noted that separate reports would be prepared for 1967/68 and the year following, but emphasised the preference of Territories and DEA for a single report. It was argued that 'while only the report on New Guinea is submitted to the Trusteeship Council, both reports are reviewed by the Committee of Twenty-four'. Further, DOET believed that 'the two reports involve a great deal of duplication'; that 'a consolidated report would receive the priority currently given to the New Guinea report'; and that 'the idea of a common identity would be helped by publishing a common report on the union'. For its part, External Affairs recognised that 'adoption of a single report would add weight to the views of those in New York who may want to combine the [Trusteeship and Non-Self-Governing Territories] sections [of the Secretariat]', yet it was 'presume[d] that they could work separately from a combined report'. DEA also 'wonder[ed] if we are really helping to preserve the Trusteeship Council by publishing separate reports ... Our defence both at present, and in the future, will have to rest on the constitutional position of the Council, and indications that we are not prepared to give the Committee the same attention ... or facilities ... as the Council' (memorandum, DEA (McDonald) to UNNY, 4 September 1968, NAA: A1838, 936/3/3 part 11).
- 3 The cable noted that the report on Papua was dealt with by the Non-Self-Governing Section of the UN Secretariat's Department of Trusteeship and Non-Self-Governing Territories—while the report on New Guinea was handled by the Trusteeship Section. It was argued that 'This division of work accords with our insistence on the unique nature of Trust Territories and our interest in maintaining the position of the Trusteeship Council'. The Mission continued: 'There is a further point. If we submitted a joint report we could scarcely object to members of the Trusteeship Council wanting to discuss Papua too, even though this would be strictly outside the Council's terms of reference. But the submission of a joint report would make it really impossible for them to leave consideration of Papua out of their statements and observations. We think that such a development would simply invite the Russians and others to point out that there were two bodies, the Trusteeship Council and the Committee of Twenty-four doing the same work in respect of the Territory of Papua – New Guinea and that clearly one of them was no longer necessary. It would also encourage elements in the Secretariat, and they are quite strong, who think this way ... We will consider this matter further and keep it under review but we think that this formal argument is a very strong one' (cablegram UN1210, UNNY to Canberra, 19 July 1968, NAA: A452, 1968/2838).

for doing so was, of course, that we wanted to keep consideration of the two Territories separate in the United Nations.

6. At present we are inclined to think that you are too optimistic in the comments you make in the penultimate paragraph of your memorandum. Our feeling is that it would be a mistake to make a change in the Secretariat's present arrangements for formally dealing with our reports by amalgamating them. We will keep what you have said under review, and we will report again after the Committee of Twenty-four has finished its work this year and after the Fourth Committee has discussed New Guinea, which we expect will not be until December. We will also discuss the matter further with the very few officers in the Department of Trusteeship and Non-Self-Governing Territories whom we can regard as well-disposed towards us. It is a dwindling number. We will also discuss the matter with Mr. Galvin of the Department of External Territories when he comes to New York.

7. For some time now I have had it in mind to send a memorandum to the Department about the internal workings of the Department of Trusteeship and Non-Self-Governing Territories. I could take the easy way out and say that it is in a mess, but what I wanted to do was to give a good description of how the two divisions and the various sections of the Department are operating. What has held me back is that what I was getting ready to say on this subject earlier this year has undergone radical change. This is due to the fact that there are in the Department bureaucratic fights for power which lead to constant shifts in the relative influence of senior and other officers in the Department. Also the general level of competence has dropped alarmingly in the past eight years.

8. I do not say this lightly. I regard it as deplorable, and have to bear it constantly in mind when discussing New Guinea with the Secretariat. Among the factors which come into the picture is the fact that Djermakoye⁴ for all that he is a pleasant and amiable person, is a very poor administrator and does not really know what is happening in his own department. He tried to increase the influence of the French-speaking Africans there during the last twelve months by the appointment of French-speaking Africans to P-IV and P-V positions. Unfortunately for his objectives the persons appointed were singularly incompetent, and incapable of doing the things that Djermakoye hoped they would. Furthermore, Djermakoye's own position is under challenge from the extremist Africans, including the Ambassador of Guinea, Achkar Marof, who, from our point of view, is a dangerous and mischievous racial bigot. Marof's professional life has been a success story. Less than five years ago he was a guitar player and, I think, manager of the 'Ballets Africains'. (You remember that this company came to Canberra in September or October, 1965.) He is now an Ambassador, which is pretty good going, but he has got his eye on a senior position in the Secretariat. I think he also had his sights on the Secretary-Generalship of the Organization of African Unity, but that objective did not come off and the present incumbent has just been reappointed. He is now floating the idea of the creation of a new position of Under-Secretary General to deal with African Affairs. This would cut down Djermakoye's position considerably, and would amalgamate under Marof all African questions, Southern Rhodesia, Portuguese Territories, South West Africa, Apartheid, and possibly some of the essentially propaganda items which the Soviet Union and Tanzania have introduced into the Committee of Twenty-four, such as Foreign Economic Interests in Dependent Territories and Military Activities in Dependent Territories. As a first step towards this desirable objective, Marof is trying to get himself appointed as first

4 I.S. Djermakoye, UN Under Secretary in charge of Trusteeship Affairs.

Permanent Commissioner for Namibia (South West Africa). I do not think that Marof is going to succeed in his ultimate objective, but it shows the sort of 'swinging' atmosphere which prevails among the extremist Africans.⁵

9. I have not put these colourful details into this memorandum for comic relief. I mention them as examples of the background to the discussion of colonial matters in the United Nations these days, and as the sort of thing that we have to bear very carefully in mind if we are thinking of *any* change in the formal presentation of reports on the administration of the Australian Territories.⁶

[NAA: A452, 1968/2838]

5 In an epilogue of December, Rogers wrote: 'We did not know when drafting the memorandum that fate had already caught up with Marof. He was intriguing at a great rate in order to get himself made Commissioner for South-West Africa and then move to something more solid, permanent and pecuniary in the Secretariat. It was fairly general knowledge around the United Nations that Marof was trying to do this, but unfortunately for himself he did not confide his ambitions to his President, Sekou Toure. Apparently Sekou Toure heard of what Marof was up to from another, unfavourable, source and recalled him home. Marof actually left New York a day or two after our memorandum was written. We have subsequently seen a report from one of our African posts that he may have been arrested on his arrival back in Guinea'. Rogers also responded to a DEA query on the possibility of the creation of a senior position for African affairs within the UN Secretariat. He felt that 'In principle there might be some attraction in lumping all African problems together so that more sane counsels might prevail in the discussion of other dependent territories', but that this was currently impractical due to acute administrative inefficiency in the Secretariat (memorandum, UNNY (Rogers) to DEA, 3 December 1968, NAA: A1838, 936/3/3 part 11).

6 DEA and Territories concurred with Rogers' advice and suspended consideration of the matter pending further advice from New York (see memorandum, DEA (McDonald) to UNNY, 29 October 1968, *ibid.*, and memorandum, DOET (Warwick Smith) to Administration, undated, NAA: A452, 1968/2838).

The Minister and the Administrator: the problem of the constitutional relationship

In the latter half of 1968, there was growing agitation in DOET over what were seen as indications that Hay had an improper view of the Administrator's constitutional position. Warwick Smith was particularly irked by instances where Hay had written that he could not agree to certain edicts from Canberra. Excerpts from four examples were included in a note on the Secretary's personal files: 'I must ask that this matter be placed urgently before the Minister and that he be advised why I cannot agree to the recruitment ceiling figure from the budget being raised'; 'I am not prepared to accept a decision to have a Committee recommend on acting departmental heads'; 'Should my approach in this regard be not accepted I would be grateful if advice thereon could be sought from the Attorney-General's Department'; and 'I am afraid the Minister's letter ... in no sense meets the situation'.¹ Warwick Smith had earlier instructed Ballard to draft a communication to the Solicitor-General seeking advice on whether 'as a matter of constitutional law the Minister may intervene in any matter where he thinks this is necessary in the interests of justice'—and he asked Ballard if he thought 'the Governor-General's instructions would over-ride a Territory Ordinance that puts certain power in the hands of the Administrator'.² A later paper on file suggested the 'need to know whether the Solicitor-General has any objection to a formal instruction by the Governor-General to the Administrator on the following lines:—"Except in respect of matters for which approval of the Governor-General is required by statute and except for appointments where decisions are required by the Governor-General by statute the Administrator ... is hereby instructed that in carrying out the day to day business of the administration of the Territory he shall conform with such instructions as may be issued to him from time to time by the Minister consistently [with the laws of the Territory]"'.³ An accompanying paper entitled 'Relationships' reads in part:

Not all legal experts would agree that [the PNG Act] in fact enables specific instructions to be issued to the Administrator by the Governor-General on the recommendation of the Minister.

The Attorney-General's Department's official view however is that such instructions may in fact be issued. These instructions may be of two kinds—they may be legislative in that they may lay down a general rule (such as requiring the Administrator to conform with whatever directions the Minister may issue from time to time) or they may be particular in relation to specific matters.

The fact is and this view is endorsed by the Commonwealth Attorney-General that the relationships between a Minister and the Crown and the Administrator ... are not in essence susceptible to legal interpretation or of definition according to legal principles or doctrines.

The Administrator is installed in his post in order to carry out the Government's policy—in the words of the Act 'administering the Government of the Territory on behalf of the Commonwealth'.

The Administrator is appointed to his post in the expectation that he will do his best to carry out the Government's policies in the Territory and that he will be responsive in the words of the Minister's letter of July 1966⁴ to the Government's policy intentions whether broad or specific and assiduous in applying them in the spirit as well as the letter.

1 Undated and anonymous note, NAA: NA1983/239, 48/2.

2 Note, Warwick Smith to Ballard, 25 July 1968, *ibid*.

3 Parenthesis in original. Anonymous paper, 16 September 1969, *ibid*.

4 Document 53.

It is the Government's expectation that the Administrator will respond to the Minister's wishes in all circumstances as a little instrument of the Government. It does not expect the Administrator's attitude to be governed in terms of whether the Minister is legally competent to give a direction in a specific case. Outside any question of legal interpretation or one statute or another there is the broader political situation that as the instrument or agent of the Commonwealth Government in the Territory the Administrator must be willing to make the system work. If not it is incumbent upon the Government in order to ensure that it is in a position to get its wishes carried out to appoint an Administrator who shares its view on the necessity for the Government to be able to govern according to its policies general or specific.⁵

The paper concluded that a formal instruction from the Governor-General that the Administrator conform to ministerial instructions would be 'an undesirable oversimplification but essentially the situation must be in political terms that the Government can procure through the Administrator whatever action in the executive area it desires in pursuance of its policies'.

5 Anonymous paper, 16 September 1968, NAA: NA1983/239, 48/2.

229 LETTER, HAY TO WARWICK SMITH

Port Moresby, 6 October 1968

PERSONAL

There are several aspects of the relations between the Department and the Administration which I would like to discuss with you when I am in Canberra. Indeed I suggest we start in on these when I see you on Friday afternoon.¹

The first aspect is what seems to me to be an absence of a consistent frame of reference for many of the instructions and suggestions from the Department which come our way ...² These instructions seem to me like reactions to individual situations of stress rather than to conclusions reached after weighing the whole situation including the overall priorities implicit in the government's approval of the World Bank report ... By definition consultation is a process which takes place before a decision is made. The budget process conforms to this definition. But I am not sure that this process is to be³ followed in respect of other major policy matters.

Another aspect of our relations that concerns me is the Department's practice of giving advice to the Minister which not only differs from recommendations of the Administration but also introduces new elements which have not even been discussed with the Administration during earlier exchanges. I have no objection, naturally, to the Department giving the Minister advice which differs from or disagrees with the Administration's recommendations. That possibility is inherent in the constitutional situation. But the introduction of new elements without any discussion at a stage when it is too late for the Administration to comment seems wrong to me ...

A third area of concern is what appears to me to be a disposition on the part of the Department to intervene in matters which by law are, or which by commonsense and sound practice should be, within the authority of the Administrator or the P.S.C.⁴ ... Where a matter is an administrative one, or where it falls by ordinance within the authority of a person holding an appointment in the Territory, then the decision should, with due regard to existing policy, be taken by that person ...

The fourth aspect of concern is a familiar one—delays in getting decisions. The basic remedy for this is greater delegation—not just in financial matters but in administration.⁵ We have discussed this before but I'm afraid the position has not much improved.

All this adds up to a situation of competition rather than co-operation. Inevitably in such a situation tempers get short and people spend time scoring points at the expense of getting on with the job.

1 For context, see editorial note 'The Minister and the Administrator: the problem of the constitutional relationship'.

2 Matter omitted includes examples.

3 The words 'to be' seem to be superfluous.

4 Public Service Commissioner, PNG.

5 See, for example, Document 205 and editorial note 'Administrative delegations and the role of Assistant Administrators'.

I hope a frank discussion of these things will get the two outfits working together as they must in order to get things done here with the urgency needed.⁶

[NAA: NA1983/239, 48/2]

230 LETTER, HAY TO BARNES

Port Moresby, 7 October 1968

This letter contains an account of a discussion which I had on 4th October with Ministerial and Assistant Ministerial Members on the question of Bougainville.

There was general agreement that the situation of opposition to the Administration and receptiveness to the idea of a referendum on independence and/or joining with the Solomons as an alternative to continued inclusion in the Territory of Papua and New Guinea,¹ was due to the following causes:

- (a) The long-standing feeling in Bougainville that the island had been neglected over the years by the Australian Administration. It had been included in the map of the Territory but had not received its fair share of assistance.
- (b) Administration officers had, in supporting the introduction of C.R.A. survey parties into the Kieta area, not shown sufficient respect for the people.
- (c) The use of police to ensure protection of 'scientists' and C.R.A. personnel.

6 A draft record by Hay of the subsequent discussion with Warwick Smith reads: 'Mr. Warwick Smith said that he realised the problem for the Administration when advice was given to the Minister which deferred [word should probably read 'differed'] from Administration recommendations and when the Administration did not know what the advice was. He realised that this would inhibit me from exercising my right, which he accepted, of a direct approach to the Minister. He said that, as Departmental Head, he could not in principle give advice to the Minister without informing me. However, he felt that the likelihood of this happening was extremely remote and in any event, the possibility would be signalled by means of the kinds of questions that were asked. He accepted that there would be occasions on which I felt it would be necessary to go to the Minister ... I said that it appeared to me that there was an increasing squeeze on the Administration and on myself personally. Mr. Warwick Smith disagreed with this. He thought that the broad process was working in the opposite direction ... Mr. Warwick Smith then proceeded to speak at some length on the broad constitutional position of the Administrator. He said he was getting some research done into the wording of the Papua – New Guinea Act and its origins in the original Papua Act. He had found a submission, for instance, from Hasluck of 1953 in which it was suggested that the words "the Governor General" in that part of the Act dealing with instructions to the Administrator should be replaced by the word "Minister". Evidently this submission had not received Cabinet support. His broad concept was that the letter of the law had to be interpreted in the light of the constitutional situation in which the Minister had to answer in the House of Representatives for a very wide range of matters affecting the internal administration of the Territory. He realised that the situation was one in which friction between the Department and the Administration was difficult to avoid, and one in which there was a demand for frankness and goodwill on the part of the Administrator and the Secretary of the Department. He concluded by saying that notwithstanding these frictions, he felt that the situation in the Territory was a very favourable one, with which the Government had every reason to be pleased' (12 October 1968, NAA: M1865, box 1, item 1). An undated paper on Warwick Smith's files entitled 'Basic role of [the] Administration' (and apparently written after reception of Hay's letter) commented: 'NOT an Embassy[.] NOT a Department[.] *An Administrator subject to direction, not responsible for Public Service*, etc. *Even individual officers of the Administration are subject to direction by the Minister*. The Department's advice to the Minister may be confidential—this is a traditional position that on occasions has to be preserved' (NAA: NA1983/239, 48/2). The last sentence suggests the words 'could not' in Hay's draft record above should perhaps read 'could'.

1 See footnote 1, Document 223.

- (d) The imprisonment of a councillor and other persons in Kieta recently for opposition to the police.²
- (e) While recent Administration economic assistance was admitted, it was felt to be coming so late in the day that it amounted to an attempt to bribe the people.
- (f) Bougainville has contributed greatly to the Territory revenue but has not got the equivalent back in terms of assistance from the central government.
- (g) The law which the Administration claims it is supporting is not the law of the people.
- (h) The Government refused to agree to a separate development fund for Bougainville.
- (i) The amount of royalty available under the Territory law to the people of Bougainville was too low. After independence it could be substantially increased.

The extent of public support for the holding of a referendum was discussed. The opinion of the only Bougainville member present (Mr. Lue—Assistant Ministerial Member for Education) was that the referendum would be supported by the majority of the people. He quoted an estimate of the percentage of people in favour as being 60% in the Nagovisi, 40% in the Siwai and 70% in the Buin areas. In his opinion, the people would not wish to join the British Solomons because that area was backward in terms of education and economic development and would be a drag on Bougainville. Mr. Lue, of course, comes from South Bougainville and the opinions quoted by him are the opinions of the South Bougainville people. Mr. Lue gave it as his opinion that if the House of Assembly and the Australian Government refused to agree to the proposal for a referendum, then that decision would be accepted by the people providing they got some substantial 'compensation' in return. There was no attempt to define what would be considered adequate compensation, but clearly this was intended to be of an economic nature and no doubt it had some reference to the Bougainville Development Fund.

There was some discussion as to whether the students who had recently been meeting in Port Moresby on the question of a referendum were subject to outside influence or not. One or two members thought that this was likely and also thought that a good deal of the stimulus for the referendum was coming from British Solomon students. However, Mr. Lue gave it as his opinion (he had not himself attended the original meeting) that there was no significant stimulus from outside. I know, however, that the organisers of the meeting consulted Professor Davidson of the A.N.U.³ before the meeting took place. I do not know what contribution Professor Davidson made, either to the holding of the meeting or to its substance. He had left Port Moresby before the meeting took place.

I discussed with Ministerial and Assistant Ministerial Members what might be done to ensure the unity of the Territory which the Government had proclaimed as one of its main objectives. One suggestion was that there should be a special mission of, say, two indigenous Ministerial Members and one expatriate Ministerial Member which would go to Bougainville fairly shortly and hold formal meetings with groups of people in order to ascertain their views and place before them the views of the Members themselves. This proposal received some support at first but in the later stages of the meeting it was felt that a better effect would be obtained if no such formal mission were sent but if the matter were treated at a lower key and if, for instance, Ministerial or Assistant Ministerial Members whose duties required them to visit Bougainville in the ordinary course of events took the

2 See Document 224.

3 J.W. Davidson, Professor of Pacific History, Institute of Advanced Studies, Australian National University.

opportunity of having discussions with leaders of the people on a more informal basis. It was pointed out that Siwi Kurondo has scheduled a visit during the coming week to Tonolei. There is also to be a Regional Local Government Association conference late in October at which Mr. Kaibelt Diria, Assistant Ministerial Member for Local Government, will be present. It was felt that these two Members could have some discussions and report back in due course to the present meeting. There was general agreement that it would be better not to have an Australian elected member or officer accompanying these office holders in respect of this particular kind of visit.

Differing views were expressed on what should be said to leading persons in Bougainville by visiting Ministerial and Assistant Ministerial Members. On the one hand the view was expressed that the objective of any discussions should merely be to ascertain the views of the people of Bougainville. Others favoured a more primitive attitude. It was felt that it would be possible for the Ministerial Members to smooth down ruffled feelings. As Mr. Tei Abal put it, it was important that we should not put the unity point of view in such a way as to arouse a reaction. As he put it in Pidgin, 'Ol man bilong Bougainville bel bilong im i hot lik lik. Orait yumi ken fixim. Yumi ken pinisim wori bilong ol.'⁴ The way to do this was to emphasize the respect in which the people of Bougainville were held throughout the Territory. He had himself seen them as teachers, policemen, soldiers, Members of the House of Assembly and in many other situations, and felt that they and the people of the rest of the Territory were truly friends and that it would be a tragedy if the Territory were broken apart ('Mi nolaik dispela kantri i bruk na baut.'⁵)

The low key approach was generally supported at the close of the meeting. Mr. Lue himself strongly opposed any formal delegation. He also felt that this was a matter which could not be handled by the Administration as such. As he put it, the Administration officers tended to wear ties and never got down to the level of the village people. Before the close of the meeting I took the opportunity to present to those present some of the facts which had governed the Administration's actions and attitudes in Bougainville in recent years. I said for a start that the amount of aid and assistance to Bougainville was considerable. Moreover, there were many institutions in the Territory, such as the University, teachers colleges, technical colleges and many others, which directly benefitted Bougainville because of the opportunities for Bougainville students to attend them. The island of Bougainville was on the point of a tremendous leap forward economically. The Administration officers in the field had a duty to ensure the observance of the law. The law in relation to mining and in relation to law and order was not a foreign imposition. It had been passed by the House of Assembly and had been accepted by the then Member of the House from Bougainville. It was therefore truly a Territory law and the people of Bougainville could not have a different one. In these circumstances it was inevitable that Administration officers in the course of their duties should find themselves taking action which was not popular with individual people. However, instructions had been issued that on all possible occasions, Administration officers should put themselves out to explain before any force was used the reason for the activities of C.R.A., the position of the people under the law and also their rights. I read out extracts from the confidential instruction to the District Commissioner which had been issued in February 1967.⁶ I believe that this explanation was sympathetically received.

4 That is, 'People of Bougainville you are angry. But together we can fix the problem. We can end our troubles'.

5 As translated: 'I don't like the country being broken and bent'.

6 Date suggests the instruction was based on Document 88.

A formal assessment of the situation in Bougainville by the T.I.C. on the basis of the most recent information available is nearing completion. A copy of this will be sent to you through the Department as soon as possible.

I hope to discuss the action which should be taken by the Administration in the light of the present situation with you and the Secretary when I see you in Canberra on 15th October next. One important element in the situation will be the content of any statement of Government policy in relation to the referendum proposal. It has already been put out on the A.B.C. (and some concern has been felt on this) that the Government would give consideration to a referendum proposal. What was not included in the report was that this would only happen after a favourable report from the House of Assembly. The opinion is, therefore, in existence that the Government is well disposed towards a referendum. This arises from the fact that to consider a proposition in the eyes of Bougainville people (I am told) is the equivalent of considering it favourably. My own view is that the most that should be said at this stage on a Government view is that it would be influenced very much by the opinions of the House of Assembly.

Whatever may be the arguments for and against a Government acceptance of a referendum proposal, we need to consider its effect on the unity of the remainder of the Territory. There is some restiveness amongst the Tolais, to some extent fostered by European people (who are distrustful of Port Moresby) that the islands of New Britain should go it alone. This has come to my notice most recently in the form of statements by Tolai leaders that they should have absolute preference in respect of newly developed oil palm blocks in the Nakanai (although this is quite outside the Tolai area). If Bougainville has the resources to go it alone, the lesson will not be lost on the almost equally wealthy Tolais. In my view, therefore, and in advance of any expression of opinion from the House of Assembly, the Administration ought to be taking every step possible (with due discretion) to promote the idea of the unity of the Territory. We have as a basis the paragraphs in the Governor General's speech at the opening of the House of Assembly on 4th June,⁷ and I believe these could be used effectively.⁸

I am sending a copy of this letter to the Secretary, Department of External Territories.

[NAA: A452, 1968/5430]

7 Casey had commented, *inter alia*, that 'People in different parts of the Territory must regard the whole country as one country and different peoples of the Territory must come to think of themselves as one people. One of the best ways to do this is to work for a common purpose. I commend to the Members of the House, as a common purpose, the rapid development of this country ... There are things which divide this country—differences in language, difficulties in moving from one part of the Territory to the other, differences in wealth among different areas. But there are also many things unifying the country. There is a common cultural background. Against this background there is being built up a national education system, a national system of law and various institutions which bring people together' (see savingram AP63, DEA to UNNY, 7 June 1968, NAA: A1838, 936/4/11 part 1).

8 After hearing news of a proposed referendum, Hay had suggested to S.J. Pearsall (Assistant Secretary, Secretariat Services, Administrator's Department) that the Administration engage in 'a deliberate campaign to keep Bougainville in'. 'This', he wrote, 'requires careful preparation and should be long term'—and it could begin with Administration 'plug[ging] on radio and elsewhere the advantages Bougainville has had from the Territory budget in development' (minute, 10 September 1968, NAA: M1866, 2). He appears to have made a similar suggestion when he met the Minister in mid-October. Warwick Smith telexed Hay: 'This message is to confirm that in your discussion with [the] Minister re Bougainville it was agreed that [the] Administration should start [a] move going to counter succession [presumably, 'secession'] ideas. This might be done when practicable in [the] House of Assembly as well as by broadcasts of appropriate material on Administration radio' (17 October, telex 282/7403, NAA: A452, 1968/5430).

231 PAPER BY CAMPBELL¹

Canberra, 8 October 1968

Notes on paper—Bougainville situation

1. The information contained in the paper² reinforces our opinion that CRA operations are merely a precipitating factor and NOT the cause of the BOUGAINVILLE dissention.
2. The similarities between the AMEI–DAMIEN secession move³ and the beginnings of the HAHALIS Welfare Society⁴ are neither accidental nor coincidental. Both are considered to be examples of that type of Millenerian Movement described by WORSLEY⁵ as ‘clearly passing into an orthodox political movement’.
3. The major differences between the two situations are
 - (a) Where HAHALIS was a domestic affair well within the capacity of the Administration to resolve without attracting world wide publicity, the BOUGAINVILLE secession move is one which will do so unless it is handled with discretion and with apparent justice to the wishes of the people
 - (b) The BOUGAINVILLE movement is being conducted at a higher level of sophistication and because of the pressure of CRA—for higher stakes.
 - (c) The Roman Catholic church while not as yet supporting the move openly, undoubtedly is giving comfort and encouragement to its adherents.
 - (d) The HAHALIS movement was compact, almost unanimously supported and confined mainly to villages between which there was reasonably easy communication. The people who will be affected by BOUGAINVILLE secession are
 - (1) larger in number
 - (2) scattered
 - (3) divided in current attitude towards the movement
 - (4) NOT in close communication.
4. As we understand the current situation the following pertains

1 A.C.H. Campbell, position unidentified, DOET.

2 Not found. Document 243 indicates that this paper was written by D.N. Ashton (District Commissioner, Bougainville) and others. Ashton was appointed by Hay, who described him as ‘a rather nervous, tense chap and very inclined to be tough ... I felt that at the time you needed some chap who was prepared to be fairly tough in the Bougainville situation which might have blown up at any stage’ (Hay interview, 1973–4, NLA: TRC 121/65, 3:2/5).

3 According to the TIC reports, Damien Manukai (Damien Damen) was from Irang village and his ‘platform is to form an “Independent Government from the non-council areas in Bougainville” to negotiate direct with C.R.A., to stop its further expansion and to punish those who release land to or co-operate with them’ (MIS no. 7/68, 1 August 1968, NAA: A452, 1968/4036). With Anthony Ampei, Damen led a movement known as the Bougainville Landowners’ Association (see TIC paper no. 3/68, ‘Situation report on the Bougainville District’, 12 September 1968, NAA: A452, 1968/4999).

4 A TIC report of 1968 commented: ‘The Society of approximately 700 members was formed in February 1960, with the object of advancing, by all means possible, the interests of the Hahalais, Ieilelina and Hanahan villagers. The activities of the Society soon degenerated into a cargo cult in which there was no longer any semblance of individual ownership’ (loc. cit.).

5 A footnote here reads: ‘Worsley, PM. *Millenarian Movements in Melanesia*, South Pacific, Sep–Oct 1957’.

- (a) PAUL LAPUN motion for a referendum will be debated in the House of Assembly in November.⁶
 - (b) LAPUN and his supporters are campaigning actively in BOUGAINVILLE.
 - (c) The movement is receiving active support from students in PORT MORESBY.
 - (d) The Administration is adopting a neutral attitude.
5. It is our opinion that the Administration should make immediate plans to play a more active part for the following reasons
- (a) It must make it clear to the rest of the interested world that justice is at least appearing to be done to the wishes of the people.
 - (b) It MUST counter the propaganda of LAPUN et al by presenting to the people the facts—both economic and social—both pro and con secession in an apparently unbiased manner.
 - (c) It has a duty to the minority supporters of Administration policy to provide them with information which will reinforce their support and influence the fringe dwellers.
6. The most powerful instrument the Administration has is the BOUGAINVILLE radio. This it should use to mount a propaganda campaign—the OVERT purpose being to present the FACTS under the pretext of advancing the political education of the people and so enabling them to make a more enlightened decision (which it will do) but the COVERT purpose being to counter anti-Administration face to face propaganda by LAPUN, AMEI, DAMIEN et al.
7. We must stress that if the Australian Government wishes to counter the secession move it must support the Administration in an all-out campaign to solidify the support of the few friends the latter has in the region, to influence the waverers and to undermine the influence of its detractors.
8. While overtly this campaign MUST take the guise of WHITE propaganda, covertly it must be a no-holds-barred communication battle which should begin NOW. It would be unwise to wait until the issue has been debated in the House of Assembly. LAPUN has taken the initiative and has revealed his hand to the Administration—and the world. There is no reason why the Administration should continually play the role of ‘gentleman’.
9. We repeat our contention—CRA is a pawn. If the Administration does not use it, the secessionists will, and in its own long term interests CRA will ‘fence-sit’ until it has a reasonable indication of the probable reactions.⁷

[NAA: A452, 1968/5430]

⁶ See footnote 1, Document 223.

⁷ A marginal note indicates that Warwick Smith sent the paper to Barnes, who read it on 22 October.

232 CABINET DECISION NO. 611

Canberra, 15 October 1968

CONFIDENTIAL

Submission no. 242—Review of policy on Asian investment in Papua and New Guinea¹

The Cabinet agreed that a relaxation of the present restrictions on Asian investment in Papua and New Guinea would be appropriate, and it therefore adopted the recommendation that the present restrictions be removed and that investment from Asian countries be treated in the same way as investment from other foreign countries—i.e. in accordance with the guidelines set out in paragraph 8 of the Inter-departmental Committee's report attached to the Submission.²

2. However, the Cabinet indicated that it wished, as an extension of the policy now being pursued in respect of investment from foreign sources (again, see paragraph 8 of the Inter-departmental Committee's report), to accord emphasis in the following fashion:—

(a) Investment proposals should be devised to afford an opportunity for Papuans and New Guineans, if they so choose, to acquire, either now or later, including through the Papua and New Guinea Development Bank, a significant equity participation in the enterprise. Furthermore, to the extent that the people of the Territory do not avail themselves, or do not avail themselves fully, of this opportunity, it should to that extent be open also to Australian investors;

(b) Each investment proposal would be carefully scrutinised by the Minister for External Territories so as to identify any which might give rise to unacceptable ultimate results, e.g. to undue economic influence in the hands of foreign investors or to a level or type of immigration liable to generate undue problems for the future. (In discussing this aspect, the Cabinet put the view that results of the kind mentioned are to be avoided even at the cost of foregoing economic advantage. This is not to relegate the importance of economic development to the Territory, which the Cabinet continues to rate very high, but it reflects a view that it is of first importance that such investment proposals as are approved should fit into the pattern and stage of social and political development of the Territory.)

3. As regards propositions concerning equity participation and also as regards the risks envisaged in 2(b) above, the Cabinet understood that the Minister would refer particular cases to the Prime Minister and the Treasurer and, if the matter was then felt to be one of sufficient importance, it would be brought forward for the Cabinet's consideration.

1 Document 211.

2 Paragraph 8 of the report, under the sub-heading 'Policy on Investment from Other Countries', reads: 'The restrictions imposed on investments from Asian sources do not apply to investments from non-Asian sources. However the Department of External Territories and the Territory Administration seek to encourage investment proposals which will:— (a) assist developing the Territory on a sound and balanced basis; (b) provide opportunities for local equity participation particularly in projects which involve the exploitation of the Territory's natural resources; (c) make provision for employment and training opportunities for local people; (d) involve maximum processing of products in the Territory; (e) involve the enterprise in the provision of maximum common user facilities (e.g. roads, wharves, etc)'.

4. The Cabinet indicated that in the selection processes the Minister would seek and have regard to the views of the Administrator's Executive Council and the House of Assembly.
5. It was decided that investment proposals involving Communist countries would not be admitted.
6. The Cabinet noted that Departments associated with the Inter-departmental Committee's report and, as required other Departments, would be kept informed about all Asian investment proposals for Papua and New Guinea.

[NAA: A5868, 242]

233 NOTE, WARWICK SMITH TO BARNES¹

Canberra, 15 October 1968

T.P.N.G. Administrator's visit²

1. The Administrator leaves Canberra late this afternoon.
2. In discussion between him and me we have traversed some of the ground of relationships between the Department and the Administration ... The Administrator has so far declined my suggestion we discuss delegations, which he had at the top of his business list.
3. The formalities and social courtesies of the visit apparently have limited the time available for discussion.
4. My impression is that the Administrator is developing a wrong and possibly serious view of his position vis-a-vis the Minister and the Department.

He appears to think your letter to him of July 1966 no longer applies, and that the devolution of authority to the Territory is to officials there, particularly the Administrator, whereas in our view it is to elected members only.

For example:

- (a) He seems to consider he should have the power of decision, the Department should only advise or suggest: and the Minister should restrict himself to very broad policy.
- (b) He thinks he should be free to appoint consultants except where he thinks the matter so important the Minister should do so. He has already done this ... without approval or even advice.

In the Department's experience the appointment of a consultant is the first step to commitment.

- (c) He has concerned himself with the departmental heads salaries—which formally are exclusively a matter for the Public Service Commissioner and the Minister—the³ the extent of putting great pressure for a semi-committal advice by you to him. (Your letter about it 'in no sense meets the situation').

¹ The note is an unsigned carbon copy.

² For background, see Document 229.

³ This should probably read 'to'.

5. I consider the Administrator needs to be reminded that he accepted your letter of July 1966 before appointment (the Minister's instructions are conveyed orally or in writing personally or through the Secretary of the Department) and that A.G.'s Department have confirmed that under the Act 'instructions' can if necessary be given by the Governor-General (not inconsistently with the Act or Ordinances).

6. Unless the Administrator sees his duty as being to carry out the Government's wishes, I foresee a serious danger that it will no longer be possible for the Minister to exercise policy control and decisions will be made in the Territory, on the authority of officials, which are repugnant to Government policies.

7. I consider this a matter of overriding importance to you as Minister. I also suggest you ask the Administrator what steps he is taking to increase the role and responsibilities of Ministerial Members in practice e.g. delegations, voice in formulating policy proposals; Toliman's visit to Madang High School was good but not of a policy kind.⁴

[NAA: NA1983/239, 48/2]

234 TELEX, HAY TO WARWICK SMITH

Port Moresby, 17 October 1968

8416. PRIORITY

Telegram dated 17th October from Administration broadcasting station Rabaul reads:

'At public meetings held near Rabaul last night one hundred New Guineans mainly Tolais unanimously elected Vin Tobaining as President of new political party. Party tentatively named Melanesian Independence Party.¹ Party pledged to work constitutionally towards independence for New Guinea islands. Party has adopted frangipani² as emblem to represent New Britain, New Ireland, Bougainville, the Admiralty group, and other islands within region.

4 Hay met with Barnes at Parliament House and later recounted his discussion: '[Barnes] said that the object ... was for us both to talk over the matters raised by me with him over the past few weeks and months. He said he felt it was his firm opinion that the Administration officers, including the Administrator himself, were the servants of the Government and had to do exactly what the Government said. He said he was responsible to Parliament for everything that went on in the Territory, and that this accounted for the need for him to be in a position to give directions. He said he thought I had taken positions on the Administrator's authority which had not been taken by my predecessor, and he was somewhat concerned about it. I assured the Minister that I wasn't in any way intending to act otherwise than in accordance with the policy of the Government, but there were certain actual things in the legislation in Papua New Guinea which allocated duties or powers to the Administrator or the Administrator in Council, and I was surprised to hear that the Minister believed that such acts or things should be directed by him. I went into some detail on the proviso that in all cases the Administrator would be acting in accordance with the policy of the Government. Barnes was, as usual, very courteous and decent about these things, but I could see that he really accepted the advice that obviously he'd been given in this matter by the Department, and I didn't really feel that my own point of view had made much impression on him' (Hay interview, 1973-4, TRC 121/65, 4:2/19-20).

1 The party also became known as the Melanesian Independence Front (MIF).

2 A native flower of the Pacific.

Party aims at next elections of House of Assembly to submit candidates for all of thirteen islands' electorates. These candidates to press for referendum of people for or against independence not later than nineteen seventy five repeat 1975. Party envisages calling new country Melanesia which will be member of British Commonwealth of Nations with its own governor based in Rabaul and also will become full member United Nations Assembly. Party spokesman said party members understood widespread throughout New Guinea islands.³ This information issued in press statement from Tolai leaders also member of new party. Presently party has fifty financial membership'.

ABC midday radio report said two reasons given for formation of party—first, Moresby was too remote from the islands and the people there felt out on a limb, secondly, the islands people felt they had no real affinity with New Guinea mainland people from whom they regarded themselves as different.⁴

[NAA: A452, 1968/5430]

235 TELEX, WARWICK SMITH TO HAY

Canberra, 18 October 1968

7497. UNCLASSIFIED PRIORITY

[*matter omitted*]

... I am concerned that no repeat no indigenes are currently being trained to full professional levels in key areas such as agricultural science, forestry and veterinary science as [I] believe it important (a) intrinsically (b) for political reasons that some indigenes be qualified to take senior and top Administration posts in these fields as a matter of urgency. [I] recognise that only a handful will be needed in each category but the point is that present nil position is quite indefensible. Consider every endeavour should be made to place some scholarship holders in Australian universities in these fields commencing 1969. I would envisage only a few scholarships each year since numbers needed at full professional level should be small.

3 A word or phrase appears to be missing in this sentence.

4 The AEC issued a statement on the same day: 'The AEC ... called upon Papuans and New Guineans in all districts to work together for the unity of the Territory. Members of the Council feel that National Unity is essential if the Territory is to make the progress which all people everywhere want. Each district is heavily dependent on all the others for its future. Each district benefits from the national institutions built in many different districts ... Each district has much to gain from uniting in a common effort to make the Territory into a viable, self-reliant country with sufficient numbers to support a modern economy. The Council recalls the statement of the Governor General, Lord Casey, when opening the House of Assembly on 4th June, 1968, who said that Members of the House ... had an important responsibility in bringing about national unity. The Council concluded that the House of Assembly should be asked to discuss the question of national unity at its meeting in November' (telex 8427, Hay to Warwick Smith, NAA: A452, 1968/5430). Following an oral briefing, Barnes 'wondered whether, in view of some of the statements made at the Rabaul meeting, an expatriate might not be involved'. Besley told him that 'it seemed to be largely a Tolai matter', adding that Kapena (MHA, Hiri open electorate) had told Warwick Smith that the formation of the MIF was 'largely a political move on Tobaining's part possibly as a means of out-flanking Oscar Tammur with whom he was at variance over the land squatting issue' (minute, Besley to Warwick Smith, 18 October 1968, NAA: A452, 1968/5429).

[I] understand immediate difficulty for 1969 is dearth of school leaver matriculants to Australian standard qualified for science courses. In my view matter is of such urgency that we should canvass all possible sources for suitable scholarship [holders]¹ to come to Australia in 1969—e.g. private secondary scholarship holders in Australia, science students at university, diplomates or advanced students from Vudal and Bulolo or even young teachers now teaching in Government or mission schools.

The universities would have to be approached very soon to ensure availability of places and any special dispensation that may be needed for matriculation.

Glad your early advice on acceptance this proposition in general and, if you agree, what specific action is possible for 1969.²

[NAA: A452, 1968/5647]

236 TELEX, HAY TO WARWICK SMITH

Port Moresby, 21 October 1968

8462. IMMEDIATE

... It is too early to assess prospects of new party.¹ Its sentiments are of course not new. There are however indications of more experienced European hand than that of Simpson² in the organisation and documentation. This suggests we may expect vigorous and competent presentation of party interests among planters, Roman Catholic missions and possibly Chinese as well as indigenes. We will keep in touch with these elements and keep Minister informed. Henderson will be in New Britain and New Ireland this week and will report on his return.

1 A word appears to be missing here in the original.

2 Hay replied that 'We accept the urgent need and are willing to do everything possible'. He noted that the Administration planned to offer one or more scholarships in 1969 in the key areas mentioned by Warwick Smith. He discussed various attempts and ideas regarding recruitment and suggested that places at appropriate Australian universities be booked immediately (telex 8681, 30 October 1968, NAA: A452, 1968/5647). Concern was also expressed on problems associated with 'middle level' vocations needed for Territory development. On 8 October, Hay had telexed DOET: 'Provision of middle level skills in various specialities could be handled through Territory tertiary institutions. Real problem here is lack of co-ordination of local tertiary institutions. UPNG will not accredit or oversee Bulolo, Vudal and primary teachers' colleges because entry quality is too low and quality of applicants too low because ex high school students perceive no link with university and, therefore, no prospect of later improvement of qualifications. This problem can only be overcome by establishment of [a] supra-institutional co-ordinating body authorised to control recruitment, guidance, selection and allocation of scholarships/traineeships to all tertiary institutions' (telex 8102, *ibid.*). Amid news that a number of vocational institutions were suffering serious student shortages for 1969, Barnes later approved a request to the Administrator 'to submit his proposals for machinery to co-ordinate the distribution of school leavers among tertiary institutions' (see submission, Reseigh to Barnes, 23 April 1969, *ibid.*).

1 That is, the Melanesian Independence Party (see document 234).

2 Stephen Simpson, a Rabaul businessman reported to be an organiser of the party (see Document 240).

2. Counter measures on lines authorised by Minister during our talks on Bougainville have already been set in train to cover this wider field.³ We intend to go into the substance of the case for unity in order to bring home to the villager the implications of disunity. Campbell and Sinclair⁴ are being consulted. Newman will be directing administration effort.

3. To my view a firm public reaction from the Government on the economic aspects of unity is desirable in order to counter the basic Tolai (and I suspect, planter) argument that unity means the islands paying out to support a mendicant Papuan economy. Perhaps the Minister would agree to say that while the question of unity is very much the responsibility of the House of Assembly (which is going to discuss it at its next meeting) one of the assumptions on which the Government's favourable attitude to the development programme is based is that the Territory will remain united. It is only on this basis that long term viability is likely, because of the more effective planning and use of united resources and advantages of scale in establishing secondary industry. To give aid on the present scale to separate entities would be more costly and separation is likely to reduce the total amount of aid. The Minister might add that the principle of concentration of effort means that while the Territory is treated as a whole, the more productive areas get more in the way of development aid than the others. Thus the island areas derive an advantage from national planning and would be worse off without it.

4. I am writing to Archbishop Hoehne and asking him to support Administration efforts towards unity through means such as the newspaper Kundu which the mission has started.⁵

[NAA: A452, 1968/5429]

3 See footnote 8, Document 230.

4 A.J.M. Sinclair, consultant psychiatrist.

5 Warwick Smith replied a day later that the 'Minister [is] disinclined to come out too positively or substantively in public at this stage. He wishes to wait a little further to see whether anything fresh develops'. If questioned on the matter, Warwick Smith noted that Barnes would answer along the lines of comments made in the *Australian* (that is, that PNG would be seriously affected if secessions occurred, becoming more dependent on Australia, but that it was left to the people of PNG to decide the fate of secessionist movements (19 October 1968, NLA: mfm NX 48)). He would also stress that the economic development program was predicated on the needs of the whole and 'did not contemplate any division or fragmentation'. On Hay's reference in paragraph three to the 'principle of concentration of effort', the Secretary wrote that it 'seems to the Minister to go rather in a contrary direction to the kind of argument he may wish to develop later—i.e. to say that the island areas derive greater advantage out of national planning than the contribution they make is to discuss the issue on a purely sectional or selfish interest basis which is not the basis on which Australian aid is given to the Territory as a whole' (telex 288/7573, Warwick Smith to Hay, 22 October 1968, NAA: A452, 1968/5429). Meanwhile, Campbell reported from PNG that the Acting District Commissioner of Rabaul, Bill Kelly, had said he thought the 'Government reaction to the Front was too abrupt' (see AEC press statement in footnote 4, Document 234). Kelly believed that the Administration 'should play this sort of thing "cool"' (minute, Ballard to Warwick Smith, 28 November 1968, NAA: A452, 1968/5429).

237 MEMORANDUM, DEA (JOCKEL) TO AUSTRALIAN EMBASSY, DJAKARTA

Canberra, 22 October 1968

SECRET

West Irianese in TPNG

We have been discussing with the Department of External Territories measures to prevent the use of TPNG as a channel for the transmission of anti-Indonesian material into West Irian. Following a visit to TPNG early in August by Mr Starey and Mr Galvin (see attachments A, B, and C),¹ we proposed to the Department of External Territories that a zone should be created on our side of the border completely free of West Irianese (see attachment D).² At a meeting held in the Department on 16th October,³ Mr Toogood, Assistant Secretary, Internal Affairs and International Relations, TPNG, indicated that measures were now being taken to clear the West Sepik and the Western District of West Irianese, whether approved permissive residents or persons awaiting the outcome of their applications (see attachment E).⁴ When Administration action is completed, there will be no West Irianese in the vicinity of the border on our side. We are hopeful that this measure will prove effective in preventing, or reducing to a minimum, any transmission of anti-Indonesian material across the border.

2. It is now clear that the two West Irianse most actively engaged in the handling of material have been Sarwom in Port Moresby and Hamadi in Madang. The former has ceased this activity, following a warning by the Administration earlier this year. The latter, who has been suspected of both producing and transmitting material, has recently been questioned on the matter by Administration officers, and warned that he was making

1 Not printed. For comments by Starey on this trip, see Document 218.

2 Jockel had asserted that the presence of West Irianese in the border area 'renders more difficult the proper handling of new border crossers, who would naturally seek the guidance of their compatriots in responding to the questions of Administration officers' and, 'more importantly', there were 'strong indications that the West Irianese in the Vaimo/Wutung area form an important link in the courier chain which enables the transmission of anti-Indonesian material from TPNG to West Irian'. He proposed that Wutung, Vaimo, Pagei, Imonda and Weam be 'cleared' of Irianese as soon as possible. Those awaiting the results of residency applications could be moved to holding points far enough from the border to 'neutralize' people concerned, while permissive residents could be given alternative employment in other parts of PNG. Aside from practical results, Jockel believed these actions could be presented to the Indonesians 'as evidence of our good faith' (memorandum, DEA (Jockel) to DOET, 29 August 1968, NAA: A1838, 3036/14/1/6 part 10. For context, see Document 219).

3 See NAA: A1838, 3034/10/1/4 part 3. See also submission, Besley to Barnes, 31 October 1968, NAA: A452, 1968/5508.

4 Not printed. The Administration decided to use Manus Island, which had suitable accommodation and temporary employment opportunities, as a holding point for applicants for permissive residence and for those awaiting resettlement (see cablegram 11697, L.R. McIntyre (Deputy Secretary, DEA) to Hasluck, 5 November 1968, NAA: A1838, 3034/10/1/4 part 3). Manus was chosen on the initiative of the Administration, prompting Warwick Smith to stress that 'Approval should have been *sought* and *given* for such a sensitive operation'. Besley agreed, commenting that the decision was taken as 'Wutung squatters were building up; numbers of crossers were increasing; and more evidence of anti-Indonesian activity [was] becoming available'—in addition to pressure on the Administration 'for early response and proposed action'. Barnes was informed of events connected with the removal of Irianese, but not consulted for advice (except in regard to bush camps; see footnote 7). Aside from the reasons listed above, Besley wrote that Manus was selected because it was 'out of the way' (submission, Besley to Warwick Smith, 2 November 1968, NAA: A452, 1968/5508).

himself liable to re-settlement in a remote part of the Territory. Despite an emotional reaction, and a denial that he was producing material, Hamadi is lying low at the present time, and not attempting to pass material to the border area. (There is no conclusive evidence that Hamadi has been running off 'Suara Komando Pembebasan Papua Barat'⁵ in Madang, although he has been receiving cut stencils of this publication—see attachment F).⁶ He is currently under close surveillance.⁷

3. The situation on the extreme northern border area is complicated by the existence of a bush camp near the patrol post at Wutung, TPNG. This camp was set up by West Irianese who failed in their attempts to enter TPNG and has clearly been used for the transmission of material. It now contains about 80 people. Until recently, it has been a matter of doubt as to whether the camp is located in West Irian or TPNG. An Administration survey has now established that the camp is several hundred yards inside TPNG. Action is under consideration to effect its removal from our territory. We will advise you of the outcome.⁸

4. A further complicating factor is the activity of a Dutch national named Visser, who runs a business in Vanimo, West Sepik. He is believed to have connections with Hamadi, and frequently visits the Wutung camp. His role, if any, in transmitting material into West Irian is at present being investigated.⁹

5. You may find it useful to mention to Malik, Basuki Rachmat¹⁰ and senior Indonesian officials the actions we are taking to prevent TPNG being used to transmit anti-Indonesian material into West Irian (i.e. the removal of West Irianese from the border area, and the administrative pressure now being brought to bear on the one or two leading elements). You should not however make reference at this stage to the problem of Wutung camp, or to the activities of Visser. You should also seek to avoid giving the impression that large-scale anti-Indonesian activity is involved, as the matter could easily be inflated in importance by the Indonesians as the advice you give them circulates among them. Further, we would not want you to go into great detail (e.g. the names of West Irianese activists in TPNG), but rather to cite the kind of action we are taking to prevent the passage of material throughout TPNG into West Irian. You could at the same time make the point that it is no easy matter to ensure that no material is being passed from TPNG into West Irian, and reiterate our hope that the Indonesian authorities will pass to us any evidence that may come to light indicating that a flow of material is continuing.

5 'The Voice of the Command for the Liberation of West Irian'.

6 Not printed.

7 In a letter to Hamadi (apparently of November 1968), Barnes responded to a suggestion that permissive residents should be concentrated 'at one or two places' by contending that West Irianese should assimilate and not live 'as a separate group'. Barnes also dismissed a request that the Irianese be allowed to engage in 'political purposes' (NAA: A452, 1968/5721).

8 On 23 October, Barnes authorised the 'return to West Irian as quickly as possible, without the use of force, West Irianese living in border camps which are clearly situated in T.P.N.G.'. He was informed on 4 December that the camps had been cleared (submission, Besley to Barnes, 4 December 1968, NAA: A452, 1968/5508).

9 Ballard wrote to Galvin on 11 November that 'in relation to the illegal activities of Visser and the others in TPNG—quite specifically it seems to me that we should not be attempting to stop activities related to an exercise of choice at the coming referendum [in Irian] on the assumption that the referendum will (be rigged to) go Indonesia's way [but] anything beyond this should be stopped' (minute, *ibid.*).

10 Indonesian Minister for Internal Affairs.

6. We would hope that, as a result of your past frank conversation with key Indonesians on refugee matters;¹¹ the information you have passed them on Rumbino, Kaisiepo etc;¹² and the assurances that you can now give them of our active efforts to prevent TPNG being used as a channel for dissident material, they will be convinced that we are seeking to effectively neutralise the West Irianese in TPNG. If they can be so convinced, we have in mind asking you to raise with them the related question of possible developments affecting the border area between now and the act of free choice. Here we are particularly worried about the prospect of armed dissidents bands fleeing into TPNG, possibly pursued by elements of TNI (see attachment G, paras 10, 11 and 13).¹³ The object of raising this question would be to secure Indonesian co-operation in ensuring that incidents involving Indonesian and TPNG forces do not occur in the period leading up to the 'act of self-determination'. This is clearly an extremely delicate matter and we will need to discuss it with the Indonesians at a carefully chosen time. In the meantime, we wish to build confidence in our motives in the handling of border and border-crossing questions and strengthen confidential exchanges.¹⁴

[NAA: A1838, 3036/14/1/6 part 11]

238 MINUTE, PROCTER¹ TO BALLARD

Canberra, November 1968²

Points of interest arising from discussions with visiting M.H.A.'s³

I discussed many different topics with the Members whilst accompanying them on the Queensland tour. The more pertinent items raised during these discussions are briefly summarized below.

(i) Site for a capital city. Only two places were seriously mentioned—Port Moresby and Lae. Support was fairly evenly divided between these sites. Those who favoured

11 See, for example, Document 138.

12 Kaisiepo and Dirk Rumbino, an Irianese with connections to Jouwe's Freedom Committee, had been refused requests to come to Australia (see Document 54 and memorandum, DEA (J.R. Burgess, Malaysia and Indonesia Section) to Djakarta, 18 June 1968, NAA: A1838, 3034/10/1/4 part 2).

13 Not printed. See Document 219.

14 Concern existed in Territories that DEA's focus on the relationship with Indonesia might generate political difficulties in PNG. On 11 November, Ballard minuted Galvin: 'I am worried about ... any general approach in EA that the PNG authorities should be taking sides in support of the Indonesian line at the coming referendum. This is a referendum to which the people of W. Irian have a right & the internal political consequences in PNG of the Administration appearing to assist Indonesia in denying that right will be very real and could well give Pangu (of which Somare is the leader) the cause it lacks to unite the House of Assembly against the Administration' (NAA: A452, 1968/5508).

1 R.A. Procter, liaison officer, DOET.

2 Exact date not cited.

3 The group had been in Australia on a political education tour, 13 October – 2 November, and visited Sydney, Port Kembla, Canberra, Brisbane, Mt Isa and Townsville. Members included Papuna Aruno (Lufa open electorate), Ninkama Bomai (Gumine open), Tegi Ebei'al (Nipa open), Tom Koraea (Kikori open), Patik Nimambot (Nawae open), Mek Nugintz (Mul–Dei open), John Poe (Rai Coast open), Wilson Suja (Sohe open), Warren Dutton (North Fly open), Urekit, Awol and Titimur. See NAA: A452, 1967/6847.

Lae appeared to do so mainly for political reasons—more central location, whilst those in favour of Port Moresby seemed to do so mainly for economic reasons—facilities available, cost of shifting the government to another city, etc.

(ii) All members stated that they felt the islands should remain a part of the Territory. However, the attitude of Epineri Titimur appeared to differ from his stated position and I gained the impression that he favoured some sort of emancipation from the mainland. He several times remarked on the ‘uncivilized behaviour’ of the Chimbus and Sepik people.

(iii) Warren Dutton is a member of the procedures committee of the House of Assembly and we had several discussions about activities in the House and the use of standing orders. When I suggested that sections of standing {orders} are suspended very readily he agreed but felt it was justified at times in order to rush a piece of legislation through the House. He agreed that many members were often almost completely ignorant of what they were voting for and simply followed the example of the official members. This is not without its {amusing} sidelights at times. For example, there was the occasion of Somare’s motion for a Commission of Inquiry into the Electoral System on 11th June 1968.⁴ Somare is a Pangu member.

The independent members organized themselves to defeat this motion mainly because it was proposed by the Pangu Pati. They had decided who would move to have the debate adjourned for 6 months and who would second the motion thus effectively killing Somare’s motion. However, Somare got wind of this and when he had finished speaking to the motion moved that it be made an order of the day for the next meeting. This motion was defeated. Mr. L.W. Johnson then spoke to the motion expressing the administration support for the motion provided Somare agreed to an amendment. Somare moved the amendment, then before the Speaker had time to put it, Giregire moved that the debate be adjourned for 6 months in order to ‘kill’ the motion. However, this was (incorrectly, Standing Order 80) ruled out of order by the Speaker ‘because the period of 6 months no longer is provided for in Standing Orders.’ The Clerk of the House then informed the Speaker of his mistake but the Speaker apparently decided not to alter his ruling. He then put the amendment. However by this time many of the members did not know whether they were voting for the amendment or for the adjournment and the amendment was defeated. This meant that the Administration was now unable to support the motion. Fielding by this time realized that the best way out of the predicament was to simply put the question thus gagging the debate and so allowing the motion to be defeated by the vote of the House. However most of the indigenous members were by now completely lost and when the motion that the question be put, was put, blindly followed the lead of the Government members who had to vote against the gag in accordance with their instructions although by this time they were no longer going to support Somare’s motion after amendment being defeated and seeing the reaction of the House. Thus the gag was defeated, the independent members looking askance at their fellow members who realized what was happening and voted for the gag. At this stage the Speaker called for a tea break.

The independent members retired to rally forces, and find out what had happened and then decide what to do.

However after resumption Somare beat them to the draw and asked leave to withdraw the motion, thus allowing him to bring it up again at the next meeting if he wished. Leave was granted and so he suffered only a partial defeat.

4 See footnote 11, Document 200.

This example brings to light several interesting features of the proceedings in the House.

- (1) That the independent members do at times organize themselves, ineffectively this time, against the Pangu Pati.
 - (2) That the independent members, particularly when unsure of themselves simply vote with the government members.
 - (3) That many members have a poor knowledge of standing orders, even the Speaker on this occasion was at fault.
- (iv) Several members stated that they felt a Pidgin version of the Hansard would be very valuable as although many members have some knowledge of English it is not sufficient to be able to understand the present Hansard. Also a Pidgin version would be more widely understood by the population. This measure would only be needed for 10 to 20 years until more people became proficient in English. They realize the difficulties involved in having the present Hansard prepared and the even greater problems of preparing a Pidgin version. The tape recording of procedures in the House are available to members, but are of limited value only.
- (v) Members did not have any complaints about the translation service; as they live in an environment where translation is frequently necessary they realize the difficulties involved. Some of the interpreters in the House are still relatively inexperienced and members felt that the standard of translation would improve.
- (vi) Questions asked in the House. John Poe mentioned that two questions which he had asked of official members had been inadequately answered. One reply had nothing to do with [the] question which he had asked which is in complete contradiction of Standing Order 133. Many other members had also experienced this.
- (vii) Attitude to M.M.'s and A.M.M.'s. The attitude was generally one of understanding the problems and difficulties of these members and backbenchers usually gave them what assistance they could. This even extended to assisting them in their electorate and explaining to their electors the importance of the M.M.'s or A.M.M.'s position and the value of the work they were doing. At the same time they explained why the M.M. or A.M.M. could only spend a little time in his electorate.⁵

[NAA: A452, 1967/6847]

5 Ballard wrote in the margin: 'An interesting report' (date indecipherable). Warwick Smith later reported to Hay that 'the most important topics raised [by the visiting MHA's] in discussion with the Minister and with me were the proposals for secession of part of the Territory and local officers' wages. Titimur spoke at times as though he was in support of secession; on other occasions he seemed to be puzzled about what ought to be done. The other New Britain Member, Koriam Urekit, was definite in his opposition ... Titimur pressed the Minister on local officers' wages and an interesting aspect of the ensuing discussion was that the other members seemed quite surprised when the Minister explained that the effect of increasing the Public Service wages bill would be to reduce the amount of money available elsewhere. No member suggested any further political advance and many reiterated the view that they wanted no more political changes until economic and social development had caught up with the present political situation. Several members were critical of Pangu and one, Patik Nimambot, said he thought that the initiative for this party had come from Australia and not from within the Territory. Their general attitude was one of considerable conservatism as concerned political advance and there was no little touch of doubt whether the Territory, (in view of the gap between its situation and that of Australia) was not being pushed along at too fast a rate' (letter, 4 November 1968, NAA: A452, 1967/6894).

239 TELEX, HAY TO WARWICK SMITH

Port Moresby, 11 November 1968

8941. CONFIDENTIAL

House of Assembly—motion on unity

Tactics and approach were discussed in A.E.C. on Friday.

2. It was thought likely that Lapun's national name bill¹ would be debated first and that debate would inevitably encompass question of unity. This would give holders of ministerial office and others an opportunity to put forward their views on unity. General opinion was that a separate motion on unity would best be moved after the Lapun bill had been disposed of.

3. On the name question opinion was fairly divided with Toliman, Angmai and Lokoloko in favour of 'Niugini' (though not necessarily this spelling). Kapena non-committal and the two highlanders against, at any rate until the question of unity is settled.

4. In these circumstances, and on the assumption that we can persuade Lapun to move a motion rather than a bill (your 7973),² my recommendation is that MM's and AMM's be regarded as free to talk and vote as they think best on the substance and that official members confine themselves to commenting on the legal implications but do not get involved in the substantive debate. In this connection we urgently need your comments on the Lapun draft.

5. It is not possible to foresee exact situation facing official members at start of meeting. Issue may be complicated for instance by a bill for a referendum in Bougainville. But we will base our attitudes on the need to get at some stage a clear motion on unity which can be used both within the Territory and at the United Nations (where it could counter separatist propaganda). A secondary objective will be to ensure that credit for motion goes to suitable person or group.

6. In my view it is becoming more important that Minister state quite clearly and firmly that a united Territory is a fundamental assumption, both of the development programme and of the Government's willingness to back it. Alternatively Minister could authorise leader of the House to include such a statement when he introduces motion on development programme. Ashton³ told me he would find such a statement helpful in dealing with Tolais who were behind the Melanesian Independence Party.

7. A further consideration is that debate on unity may spark off a proposal for a new constitutional committee to consider such issues as statehood or federalism. Our aim will be to head this sort of thing off.

[NAA: A452, 1968/5013]

1 See footnote 1, Document 223.

2 6 November. It read in part: 'Firm legal advice from Attorney-General's Department is that substantive provisions of [Lapun's] bill are inconsistent with [the] Papua New Guinea Act and if passed will be invalid ... As discussed [by] Administrator/Secretary ... correct procedure if [the] House desires name change is [a] resolution of [the] House asking Government to give consideration to [the] matter. This would not exclude [a] committee seeking [the] views of [the] people prior to [the] resolution being put' (NAA: A452, 1971/2197).

3 O.I. Ashton.

240 LETTER, HAY TO WARWICK SMITH

Port Moresby, 15 November 1968

CONFIDENTIAL

The Minister might like to know that I have had discussions in the last few days on the Melanesian Independence Party with Mr. Ashton¹ and Mr. Toliman, both of whom have recently been in Rabaul.

Both regard the new Party as potentially a force to be reckoned with and certainly one that should not be treated lightly.

According to Mr. Ashton, the leading lights are Mr. Simpson, a Rabaul businessman, and Tomot,² the Assistant Executive Officer to the Gazelle Peninsula Local Government Council. The latter had at one stage trained as a medical officer but had been eliminated from the course on the grounds of instability. He had a fixation about the Tolais not getting their fair share of Government money. He and persons like him amongst the Tolais were, therefore, very receptive to the kind of proposals which Simpson had been putting forward for his own purposes. He felt it essential for the Government to state its policy quite clearly on unity being the essential basis of economic planning and the Australian Government's continued financial assistance to the Territory. He also advised that we quickly get out some factual statement on what the Administration in fact has done for the Gazelle as against what the Gazelle in fact contributes, through taxation and other means, to the central revenue. He said there was a kind of cargo cult attitude towards Government assistance which derived from a feeling that the Government had unlimited resources and it was only a question of the right means of getting at them. If one did not have the means, then this was due to Europeans keeping it from them. Mr. Ashton intends to look further into the basis of the support for the Party. He is attending a meeting to be held in Rabaul on 12th November, at which it is expected that the new Party's full platform will be revealed.

Mr. Toliman said that the dissatisfaction which led to the formation of the Melanesian Independence Party was based on the following feelings:

- (a) That revenue from the Rabaul area goes to other parts of the Territory to bolster them up and did not return in the form of Government aid to the Gazelle.
- (b) That the Tolais have helped the Government for nearly 80 years and do not get a fair return for what they have done.
- (c) That the new political party is as much a means for expressing the feeling of dissatisfaction as an indication of a true intention to separate from the rest of the Territory.

Mr. Toliman said that the influence of the Party was spreading. Active steps were being taken to this end by the means of village meetings.

He also said that there was an anti-European and anti-Chinese element involved in the formation of the new Party. Tolais who did not succeed in business compared their lot to

1 O.I. Ashton.

2 Melchior Tomot.

that of Europeans and Chinese who did succeed. This led them to believe that they were being victimized.

To remedy the situation, Mr. Toliman thought that the Administration should, without delay, inform people as to what was really involved in independence, so that they would think about the financial resources that would be needed to supply such things as a defence force, customs, and so on. The lesson needed to be brought home that these things could only be provided if there was payment of higher taxes. They could not simply come from an inexhaustible supply possessed by the Government.

Amongst other particular suggestions from Mr. Toliman were that certain concrete things should be done to help the Tolais. For example, a water supply should be expedited for the town. The Development Bank should be more forthcoming in its attitude towards applications by indigenes for loans. A resettlement area closer to the Gazelle than the west coast of New Britain should be developed. For example, the forestry development area at Vudal should have some fertile parts excised from it and made over to resettlement. More land ought to be made available for industry near Rabaul. Furthermore, private enterprise in the area should encourage Tolai shareholders at a level that they could afford.

Speaking on the Development Bank, Mr. Toliman said that the indigenous Tolais tended to compare the tardiness and caution of the Development Bank with the readiness with which agents for Japanese cars would offer easy terms and would adjust them when buyers found some particular difficulty in meeting their payments. He asked why the Bank could not be equally flexible.

It is expected that we shall find out more about the Melanesian Independence Party as a result of the meeting which is to be held on 12th November.

[NAA: A452, 1968/5429]

241 SUBMISSION, DISHON¹ TO IDCC

Port Moresby, 15 November 1968

Local Government Councils—East New Britain District

1. PURPOSE AND REASON FOR BRINGING TO THE ADMINISTRATOR

1.1 This paper is submitted by direction of His Honour for consideration by the Interdepartmental Co-ordinating Committee as, in view of past events and present attitudes, a proposal to reconstitute the Gazelle Peninsula Council as a multi-racial authority, whilst bringing all disaffected non-Council Tolai village groups into that Council and establishing a separate Council for the Duke of York Islands groups, has implications on which a policy decision is deemed desirable before submissions on the Council constitutions are presented to the Administrator's Executive Council.

2. FACTS AND CONSIDERATIONS

2.1 General

2.1.1 When the formation of local authorities was commenced in the Gazelle Peninsula area in 1950 a policy of voluntary participation by the people was adopted and this policy

1 W.R. Dishon, Acting Director of District Administration.

has been adhered to throughout the extension of Local Government to all parts of the Territory. The percentage of popular support necessary to constitute a favourable majority vote has never been clearly defined but, in the early 1950's, as the legislation related to village groups rather than areas, the inclusion or exclusion of particular villages was decided by an individual referendum. This resulted in fragmentation of otherwise compact administrative areas and later assessments were based on the opinion of the substantial majority of persons resident in the whole of the proposed Council area.

2.2 *Gazelle Peninsula Council*

2.2.1 Under the conditions of voluntary participation then applying, local government in the Gazelle Peninsula area was gradually extended, two Councils, Vunamami and Reimber being established in 1950, Rabaul in 1951, Vunadidir-Toma-Nangananga in 1952 and Livuan in 1953. It was in 1953 that the first overt hostility to participation was encountered in the Raluana group of villages and spread to other nearby villages. From this opposition developed the so-called 'Kivung' movement, whereby the dissentient groups formed an unofficial organisation of their own as counter to Councils.

2.2.2 Despite this opposition, however, these and other villages remaining outside a Council area were included by Proclamation in one or another of the three established Councils in January, 1954 ... However, a petition from the Raluana group, protesting their inclusion, was presented to the Acting Administrator Mr. Justice Phillips who suspended the Proclamations in February, 1954.

2.2.3 Following this return to the status quo, the attitude of the anti-Council factions became more truculent and further attempts to persuade them to join a Council were met with open hostility. The introduction of personal tax in 1957 was viewed by the Navuneram people as an attempt to force them to join the Council movement, leading to an attack on an Administration patrol attempting to collect tax in 1958 and culminating in the death of two villagers.

2.2.4 The Gazelle Peninsula Council was formed in 1963 by an amalgamation of all Councils in the area and, as this Council now covered about 90% of the Tolai population, there has been continued pressure from the Council for inclusion of the remaining minority represented by the anti-Council villages. The Council has expressed its impatience on a number of occasions, criticising the Administration for its failure to take the necessary action to resolve the situation. On 4th August, 1966, they passed a unanimous resolution recommending that action be taken forthwith but were persuaded that a more cautious approach should be adopted.

2.2.5 The Councillors themselves called a meeting of some 120 leaders of the dissident element on 12th August, 1966, and a further meeting was held on 24th August. A favourable reception was accorded the first meeting but the later meeting resulted in an almost total rejection by those present of any proposal to include them in the Council.

2.2.6 As early as 1957 pro-Council villagers from Raluana had petitioned to join the Vunamami Council and, when a referendum was conducted in the anti-Council villages in 1967, it was found that rejection of the Council was not unanimous in six of the twelve villages concerned, whilst the number of Raluana people willing to participate was slightly larger than those who weren't. Consequently, the constitution of the Council was amended to include the whole of Raluana village. The Proclamation was signed on 13th March, 1967.

2.2.7 Two men from Barawon and Vunamurmur, claiming to speak for 300 residents of Raluana opposed to their inclusion, visited Port Moresby and sought to have His Honour appoint a Luluai to represent the non-Council section of Raluana. This request was refused and, in the subsequent elections, though about 50% of the eligible voters refrained from voting, no incidents occurred. Later, 121 of 174 persons liable for tax paid their tax on demand and a further 14 paid soon after the issue of summons. The remaining defaulters paid following police action on failure to answer the summons issued. A minor disturbance occurred when a Council process server was assaulted by a large group of people from villages outside Raluana, which resulted in 17 defendants being given suspended sentences of six months imprisonment and put on good behaviour bonds for 12 months.

2.2.8 On 27th July, 1967² the Gazelle Peninsula Council passed a further resolution seeking to reconstitute the Council as a multi-racial authority to include all alienated rural land, together with the townships of Kokopo, Warangoi and Kerevat and the remaining non-Council villages.

2.2.9 A survey of non-indigenous residents, including mission, plantation and others revealed that these people were largely in favour of the proposal and no dissent has since been voiced. Non-indigenous persons number some 1,074.

2.2.10 The District Commissioner,³ in supporting this proposal, commented that:

‘The action taken by the Council at Raluana makes it obvious that, if the Council is resolute in its endeavours to collect taxation, and the Administration supports Council action, then introduction of local government to the present non-Council groups can be achieved. That this theory is tenable is highlighted by the Administration action of some years ago in regard to the refusal of the Nualim people to pay tax or take part in Council activities. Positive action by the Council and the Administration in this instance resulted in the Nualim people becoming strongly pro-Council and one of the most co-operative villages in the Duke of York Islands.

I request that you give favourable consideration to the establishment of a multi-racial Gazelle Peninsula Council, and that your favourable recommendation be given when the matter is considered by the Executive Council. I reiterate that it is essential that this Proclamation and the Proclamation covering the Duke of York Council be made simultaneously. It is my opinion that, with local resources at our disposal, the Administration, assisting the Council, would be able to surmount any difficulties of overt opposition which could possibly arise’.

[*matter omitted*]⁴

3. SUMMARY

3.1 The proposal in respect to the Gazelle Peninsula Council does not conflict with existing policy on voluntary participation, the population of the opposition villages being

2 In other documents, the year is given as 1968. See, for example, submission, Ballard to Barnes, 16 May 1969, NAA: A452, 1969/2889.

3 H.W. West.

4 Matter omitted is a discussion of the Duke of York islands, in which seven villages were part of the Gazelle council. Eighteen had formed an opposition council called the ‘Account’. A survey in 1967 was claimed to show some support in the opposition area for an official council. The submission recommended a Duke of York islands council separate to the Gazelle council due to ‘the remoteness of the area’. Hostility toward such a move was expected to show in ‘passive resistance’ rather than violence.

approximately 5,375 and, even were they totally opposed, this represents only 8% of the whole area. The main consideration here is the likelihood of open hostility but, as the groups are in three separate localities, it should be possible to contain any planned or spontaneous demonstrations which might occur. Against the possibility of civil disorder must be weighed the growing frustration and dissatisfaction of the majority, who view the lack of Administration action as a sign of weakness which also countenances a disregard for the concept that the wishes of the majority should prevail.

3.2 There is little if any indication of personal antipathies between pro and anti-Council groups and the Raluana's reaction would tend to endorse the view that those opposed would more readily accept the decision being made for them rather than lose face by voluntarily complying.

3.3 The Duke of York situation is somewhat different in that the principle of voluntary participation would be abrogated were a Council to be proclaimed at this time. This policy has been firmly adhered to by the Minister in the past and would have to be waived if the recommendation for establishment of the Council was to proceed.

3.4 Additional to the policy issue, there is the likelihood of an outbreak of civil disorder which could be more difficult to contain than in the Gazelle Peninsula. There is no police detachment in the Duke of York Islands and, if any problems did occur with extension to the mainland villages, simultaneous involvement in the Duke of Yorks is a possibility which would exacerbate the position in respect to restoring or maintaining order.

4. Recommendations

4.1 The institution of a definite plan of action has assumed increasing importance with the Council's desire to unify the area by the inclusion of all persons presently not within the Council and progressive development could be retarded if positive action is further delayed. The approach suggested is therefore that:—

- (a) The Gazelle Peninsula Council be reconstituted as a multi-racial authority forthwith, the amended constitution to incorporate all non-Council villages;
- (b) The seven Duke of York villages already within the Council to be retained within that Council for the time being; and
- (c) Once this has been successfully accomplished, it be indicated to the remaining groups on the Duke of Yorks that they have the option of voluntarily participating in a separate Council established for their area or being encompassed within the boundaries of the Gazelle Peninsula Council as a residual minority.

242 MEMORANDUM, DOET (WARWICK SMITH) TO ADMINISTRATION

Canberra, 19 November 1968

CONFIDENTIAL

National unity

Some thought has been given in the Department to the situation arising from the secessionist moves in Bougainville and the New Guinea Islands area. Attached are some notes which have been prepared in the Department.

2. The Minister, at present, considers that the official position ought to be to encourage and speak in favour of unity but not to present any overt official opposition to separatist movements. Quite apart from whether the Commonwealth Government would be prepared at the wish of the majority to enforce unity on a minority who wish to break away, for the Government to take too firm a position in support of national unity could be counter productive and even strengthen the hands of those who wish to break away. We have all noted recent history (e.g. Nigeria, West Indies, Malaysia, Central African Federation) of attempts to create a large unit which have failed in an attempt to maintain unity.

3. Peculiar limitations apply in the case of Papua and New Guinea. The Trust Territory could not be divided while it remains a Territory without amendment to the Trust Agreement and this, it is considered, would be impossible to achieve. No new Trust Agreement, it is considered, would receive votes of a U.N. majority. It would be legally practicable to separate Papua from New Guinea but this would have implications in the Highlands which did not exist before the war. In this connexion you will have seen the Attorney-General's reply to a question in Parliament on 23rd October.¹

4. The Minister's thinking, therefore, is for the Government not to say that it is opposed to secession, but to present the arguments on economic and political grounds for the larger unit. The view would be put that the Government thinks that it is in the people's own interests to have one Territory and if any section wants to change this the advantages of unity should be stressed. At present the attitude should be that the Government believes that the majority of the people will see the advantages of unity.

5. On this approach it is necessary to work out a total programme of encouragement of national unity. The attached notes indicate some of the points that may be considered.

Attachment**NATIONAL UNITY IN PAPUA AND NEW GUINEA****A. VIABILITY OF PRESENT ADMINISTRATIVE UNION**[*matter omitted*]²

¹ Attorney-General Nigel Bowen was asked about the 'legal position' regarding the separatist objectives of the Melanesian Independence Party (see Document 234). He replied: 'It would not, as a matter of international law, be possible for part only of the [trusteeship] area to detach itself unilaterally, as it were. If any proposal of the kind referred to were to be put forward, authorities at three levels would need to be considered—the peoples of the total area, Australia as trustee, and the United Nations' (*Commonwealth parliamentary debates* (Reps), vol. 61, 1968, pp. 2225–6).

² Matter omitted covers historical background.

(ii) *Case for splitting Territory up into federated or independent units*

- Territory is completely artificial entity in sense that it is made up of people with many different cultures and attitudes.
- Smaller groups made up of natural geographic, economic or social groupings may be better able to achieve common purpose and thus may be more likely to endure—Territory may fragment into such smaller groupings whatever we do.
- Legitimate aspirations of natural groupings could be given expression.
- Loose federal system with customs union could give many of benefits of unity without possible tensions of unitary agreements.
- If Australia willing to follow wishes of people wishing to break away this could find favour in United Nations.

(iii) *Case for preserving present Administrative Union*

- Administrative Union has generally proved *administratively* viable, logical and successful—combined services promote efficiency and economy.
- U.N. would have to agree—there would probably be charges of ulterior motives even if people of breakaway areas solidly for fragmentation—U.N. has resisted dismemberment of dependent territories in past. On other hand they have supported Banabans in their moves to break away from Gilbert and Ellice Islands Colony.
- There would be serious risk of fragmentation into smaller units than we contemplated and creation of unstable problem area just to north of Australia—possibility of outside political interference would be increased.
- Could effect³ U.S. commitment under ANZUS.
- Federal system not really an adequate answer—weak system of government requiring considerable political expertise to be workable—all Federal systems have serious problems through conflicts between tiers of government.
- Australian economic aid to fragmented units would probably be far less effective than to Administrative Union—investment could be discouraged

(iv) *Conclusion*

- Despite dangers and drawbacks, case for Administrative Union appears strongest.

[*matter omitted*]⁴

[NAA: A452, 1971/2197]

³ This word is partially illegible in the original and may possibly read 'affect'.

⁴ Matter omitted traverses 'ways of promoting national unity', including adoption of a flag, anthem and common name; use of propaganda techniques; a national unity week; military and police demonstrations; support of national sporting teams; encouragement of voluntary and Government-sponsored groups to 'organise on a Territory-wide basis and to hold annual meetings'; organisation of a national airline and aviation authority; a new national capital; promotion of pidgin as a national language; organisation of nationally-focussed works projects; unification of Papua and New Guinea laws; the posting of more public service officers outside their home districts; increasing labour mobility; co-opting the help of Christian missions; engaging in more research on attitudes so as to enable better propaganda; and the decentralisation of decision-making whereby 'Senior officers with wide delegated powers [would] make decisions on [the] spot [and] could be stationed in key areas such as Rabaul and Bougainville'.

Tensions in the House: the Chatterton and Lussick bills

In lieu of the failure in May 1967 to achieve rises in salaries through the Territory's arbitrator,¹ PNG's public servants began to pursue their claims through political channels.² With the aid of the Public Service Association,³ the MHA for Moresby open electorate, Percy Chatterton, introduced a bill in September 1968 aimed at establishing a commission of enquiry into local officers' salaries. The commission would submit a report to Barnes, who would then make a decision on its recommendations.

The Administration opposed the bill. Speaking in the House, Henderson said the

bill is a direct attack on the arbitration system. A small sector of the Territory's work force which in the past has used arbitration extensively has now mounted a highly-organized political attack on the whole arbitration system. Why? Because in one case the Arbitrator has not given them all they have asked for ... Mr. Chatterton claims the Public Service Association is now frustrated. This amazes me because there is nothing whatsoever to stop the Public Service Association from taking this case back to arbitration ... members must remember that the arbitration system isn't designed for public servants. It is designed to cover the whole workforce of this Territory ... It doesn't matter how much it is sugarcoated, [the bill] is still an attack on our system of arbitration ...⁴

There followed what Hay described as a 'tense and sometimes emotional debate'⁵ in which supporters of the bill and especially the Pangu Pati used 'strong and coercive tactics in an attempt to weaken [the] stand taken by Ministerial and Assistant Ministerial Members'.⁶ In the event, the bill was rejected by 53 votes to 24, partly (Hay thought) because the 'Pangu Pati and PSA overplayed their hand by threatening members who voted against the bill with active opposition by public servants at the next election'.⁷

But the Chatterton episode was not without consequences. In the first place, five holders of ministerial office—Oala-Rarua, Singiliong, Langro, Kapena and Watson—were absent during the vote, in spite of an earlier decision by the Administrator's Executive Council that it should support the Government position and 'oppose [the bill] on the grounds that it placed [the] arbitration system in jeopardy'.⁸ The South Pacific Post characterised the incident as serious; leading with the headline, 'Ministers didn't vote: govt. to consult Canberra', it asserted that events in the House had 'created a constitutional problem'.⁹

Behind closed doors, Hay played down the significance of the walk-out. He telexed Warwick Smith:

Reviewing this situation in the light of the obligations set out in the 'arrangements' for holders of Ministerial Office,¹⁰ my opinion is that there has been no direct breach of the convention that office holders will not publicly oppose policies or decisions in accordance

1 See Documents 108 and 112.

2 E.P. Wolfers, 'September–December 1968' in Moore with Kooyman, *A Papua New Guinea political chronicle*, p. 62.

3 loc. cit.

4 *House of Assembly debates*, 2 September 1968, NLA: Nq 328.952 PAP, pp. 286–8.

5 Unnumbered telex, Hay to DOET, 4 September 1968, NAA: A452, 1968/4412.

6 Unnumbered telex, Hay to DOET, 2 September 1968, *ibid.*

7 Telex 7463, Hay to Warwick Smith, 6 September 1968, NAA: A452, 1968/5095.

8 Telex 7433, Hay to Warwick Smith, 5 September 1968, *ibid.*

9 *South Pacific Post*, 6 September 1968, NLA: NX 342.

10 See Document 197.

*with advice of AEC. So far as co-operating with the senior Official Member is concerned, it is true that there has been a falling short of what had been expected. The situation was a particularly difficult one for Kapena and Oala Rarua because of their previous stand. Langro, a former public servant, was also in a difficult personal position. Bearing in mind the very real pressures to which they have been subjected in the last few days, I think that we should not reproach these persons for the position they took and should not regard it as a cause for me formally to seek an explanation for their course of action. I would however propose to speak to each one and remind him of obligations accepted by him.*¹¹

Warwick Smith and Barnes were less sympathetic. The Secretary wrote that he and Barnes had discussed the matter and 'the Minister asked me to pass on to you the thought that those Ministerial office holders who abstained on the Bill exposed their colleagues who voted against it to more odium than they would have incurred had the Ministerial office holders presented a united front'.¹² Barnes also considered that the loyal office holders 'could very well wish to raise the issue in the [AEC]', pointing out that those who did not vote had let down their colleagues. Beyond this, the Minister had 'no other comment to make on this particular case at present but foresees that if a particular Ministerial Member or Assistant Ministerial Member were to make a practice of being neutral or not supporting the Administration's position on important questions, or not opposing proposals the Administration was opposing, the matter might have to be reviewed'.

Apparently as this letter was in transit, Hay communicated his intention to publicly defend his MMs and AMMs. He submitted to Canberra a draft statement that would 'sustain [those who voted with the Administration] against criticism from P.S.A. representatives when they return to their electorates'.¹³ The statement was also intended to 'set the record straight' on a 'tendentious A.B.C. commentary' by denying that the abstainers were viewed by the Administration as 'disloyal' and would be 'ticked off' by Hay. The reply was brusque. Hay was told that Warwick Smith had spoken to Barnes, from which it 'emerge[d]' that the 'Administrator has hitherto avoided involvement in political controversy in large part because he has never commented directly on political issues [and] with constitutional evolution it seems more important still to maintain this non-involvement'.¹⁴ Moreover, the Minister did not wish 'at this stage and in this context' to publish the arrangements governing the behaviour of ministerial office holders. On the specific issue, the Minister saw 'no particular reason to defend the Ministerial Member who abstained—and even less so the Assistant Ministerial Members who abstained'. The

11 Telex 7433, Hay to Warwick Smith, 5 September 1968, NAA: A452, 1968/5095.

12 Letter, Warwick Smith to Hay, 7 September 1968, NAA: A452, 1968/4412.

13 Telex 7596, Hay to Warwick Smith, 11 September 1968, *ibid.* Hay had been particularly agitated by PSA activities, writing to Ellis: 'I would like to see that some of the more extreme efforts of the P.S.A. to influence Members of the House are exposed in an adjournment debate, preferably by Papuan and New Guinean Members. The point to be exposed is that a very small number of people (about 3%), who should be thinking of the country as a whole, are trying to manipulate the House in their own interests and to do so by threatening to intervene actively in politics at the next elections. If public servants do this they will forfeit the confidence of the public they should be serving ... We have got to give the Members who supported us some ammunition to fire when they go home' (memorandum, Hay to Ellis, 10 September 1968, NAA: M1866, 2). In Canberra, a similar sentiment had been expressed by Kirkpatrick: 'I was concerned to see the threats (stated and implied) to members by Voutas in warning them how they should vote ... It occurs to me that it could be arranged for a Government back-bencher to ask the Minister a "Dorothy Dix" on these threats—some political capital could be made out of it (incipient dictatorship type of thing)' (minute, Kirkpatrick to Warwick Smith, 5 September 1968, NAA: A452, 1968/4412).

14 Telex 6605, Warwick Smith to Hay, 12 September 1968, *ibid.*

idea of a rebuke in the AEC was again proffered. On the other hand, Hay was advised that 'whatever action is practicable to support the Ministerial Members who voted with the Government (and private Members) should be taken'—the 'most appropriate' form being perhaps a press statement by the senior Official Member reiterating the points made on the official side during debate on the bill.

A second outcome of the Chatterton bill was that it led immediately to further action in the House on local salaries—and this in turn created another political predicament for the Government. In reporting the defeat of the Chatterton bill, Hay noted that even those who 'were prepared to go along with the Administration ... thought that something should be done about the present arbitration ordinance which, rightly or wrongly, does not have the confidence of members'.¹⁵ Indeed, during the debate MHA Walter Lussick had foreshadowed another private bill, 'the object of which would be to introduce an appeals system'. This initiative had been seen by Lussick and other expatriates who were well-disposed to the Administration as a necessary sop for those who might otherwise have voted for the Chatterton proposal. As MHA John Middleton explained to Barnes:

He and his friends were much opposed to the Chatterton Bill but the only way to defeat this was to undertake to put their own proposal forward. If the Lussick Bill did not come into force there would be quite serious trouble in the Territory and the image of the Administration would drop heavily ... he and his friends did not want the Lussick Bill but they could see no alternative.¹⁶

Canberra's response was uncompromising. In provisional guidance, the Administration was told that 'Opposition [to the bill] should be strong and should be expressed on the floor and in the lobbies as appropriate'¹⁷—and in his conversation with Middleton, Barnes added that the bill 'would be vetoed if passed'.¹⁸ Barnes' rationale focussed not on politics but on macro-economics: 'if we could not hold the present wage structure this would mean that the whole economic development programme would fail'.¹⁹ It followed that there could be no substantive concessions. Barnes believed that 'if the Government could find some way of saving the face of the proposers of the Lussick Bill this might be the best course ... He was inclined to think that the best course would be to appoint some outside expert to report on the matter'.²⁰

When Hay reported the Government's attitude to the AEC, its elected members reacted with 'dismay'.²¹ They said that 'Lussick and his colleagues were committed to the introduction of the bill and that if the Administration tried to oppose it, or even postpone it, the Administration would not only be defeated but would lose the confidence of the independent minded members of the House'. The AEC thought that the only alternative was to 'secure an amendment', which could be done 'in virtually any direction thought necessary by the Government'. Hay consequently warned that 'an inflexible attitude to the Lussick Bill may tend to harden the opinion of the local officers against the Government and the Administration ... To carry out the main policy measures of the Government,

15 Telex 7463, Hay to Warwick Smith, 6 September 1968, NAA: A452, 1968/5095.

16 Minute, Ballard to Warwick Smith, 19 September 1968, *ibid.*

17 Telex 6480, Warwick Smith to Hay, 6 September 1968, *ibid.*

18 Minute, Ballard to Warwick Smith, 19 September 1968, *ibid.*

19 *loc. cit.*

20 *loc. cit.*

21 Letter, Hay to Barnes, 7 October 1968, *ibid.*

both economic and constitutional, the Administration needs the willing co-operation, and involvement, of the House and the local officers ... you should be aware of the political situation in the House of Assembly and outside ... I am bound to advise you against taking, at this stage, a position of inflexible opposition to any amendment to the Arbitration Ordinance'. Hay wrote that he was opposed to a system of appeals, but was attracted to the idea of a commission or bench that would examine important cases—while the less important would be heard by a single arbitrator.

Hay reinforced his viewpoint in talks with Warwick Smith in mid-October. Predicting that the bill would pass by a vote of 70 to 20, the Administrator said a veto by the Governor-General would 'give rise to a crisis with the legislature at a time when the Government has said that it will act in accordance with the wishes of the House'.²² Warwick Smith remained unmoved. He commented that the PSA could not be permitted to get what it wanted 'through pressure tactics' and that amendment of the ordinance without concrete concessions to local officers would not help—it would make them 'only still sourer'. With Barnes' endorsement, Hay was asked to return to the AEC with the suggestion that the Lussick bill be converted to a motion which would establish a commission of enquiry into the arbitration system.²³

The AEC's opinion was that such a move would depend on Lussick, who in turn said he might consider an adjournment so that an enquiry could go ahead.²⁴ He later reported that this would be impossible, though he felt sure his amendments could be tailored to meet Government concerns.²⁵ At the same time, he cautioned that 'Administration opposition to any amendment at the November meeting [of the House], even on the basis that it is prepared to set up an enquiry and bring in amending legislation later on, would be very serious both for the future of his own pro-Administration group and also for the ministerial system and the House's confidence in it'. Given this mood—and brushing aside the discussions in Canberra—Hay again appealed to Territories for flexibility, repeating his call for an amendment that would provide a bench for major arbitration cases.

Warwick Smith questioned the gravity of the situation,²⁶ confiding to the Minister shortly afterward that the adjournment of the Lussick bill pending an enquiry 'does not seem likely to provoke a crisis'.²⁷ Rather, it was any amendment via Lussick that would have serious ramifications, both specific and general: 'Not only could the local officers' case be re-opened, contrary to the Government's position, but the Public Service Association—and indeed other organisations—would plainly infer that a sufficiently bitter and prolonged campaign will achieve any results they sought'.²⁸ Warwick Smith was even content to change the ordinance along lines suggested by Hay after an enquiry because this would be a Government initiative and would not engender an undesirable political situation paralleled by unwanted policy adjustments.²⁹ Certainly, inasmuch as Hay and the Administration believed the Lussick initiative to be a vital question of face for the AEC

22 Notes of discussion by Ballard, 15 October 1968, *ibid.*

23 Telex 7383, Warwick Smith to Hay, 16 October 1968, *ibid.*, and letter, Hay to Barnes, 20 October 1968, *ibid.*

24 *loc. cit.*

25 Telex 8644, Hay to Warwick Smith, 29 October 1968, *ibid.*

26 Telex 7777, Warwick Smith to Hay, 30 October 1968, *ibid.*

27 Submission, Warwick Smith to Barnes, 1 November 1968, *ibid.*

28 *loc. cit.*

29 *loc. cit.*

and its supporters, the Secretary and his Minister were adamant that the same principle applied to Territories. There was, in the first place, a need for the Government to prove its toughness, not its sensitivity.

Another attempt appears to have been made to have Lussick and his group agree to an adjournment³⁰—sweetened by a public announcement by Barnes that an enquiry would take place.³¹ But an acrimonious debate and vote was not avoided. Introducing his bill, Lussick remarked that

*This present bill was merely designed to help the Government; however, after coming to the aid of the Administration when it was under pressure with Mr. Chatterton's bill, we now find ourselves opposed by the very people on whose behalf we landed in this position. We have, thus, been placed in a very embarrassing position in our home electorates. If we withdraw this bill now the people in our electorates will say that we are quite insincere ... We are the people who represent our areas ... we cannot just be rubber stamps for the Government. Sometimes the Government must listen to what we say ... The Government has asked me to wait ... Is the Government going to amend our present bill, or ... introduce its own bill in the House? I do not like this situation, and I think that we are quite entitled to go ahead ... I want all elected members to support me ... If we do not have success with it our right to legislate in this House will be questionable.*³²

Neville was less polite:

*I feel—as do many other of our colleagues—that we are again witnessing the heavy-handedness of Mr. Warwick-Smith and his Department. This heavy-handedness is to be deplored and we should strive ... to overcome it ... there are certain areas in which we, the House, should not delve ... Nevertheless, there are certain areas and most subjects—this is one—where this House should not be treated with ignorance, disdain, neglect, call it what you will, by some first to tenth rate clerk in the Department of Territories.*³³

Henderson rose to refute 'the wild statements' made by Neville, and he protested that the Administration was not against reform of the arbitration ordinance—'All the Government is asking the House is to wait until expert advice is available'.³⁴ His protest was to no avail. Lussick's bill was passed without a formal vote.³⁵

Hay was disturbed by this conflict and expressed his dissatisfaction in a lengthy letter to Barnes:

there was a good deal of resentment, both amongst Australian Members and also amongst indigenous Members, at the attitude taken by the Government. These Members believed that they had in effect protected the Government's position by voting against the Chatterton bill ... They had done so on the understanding that Mr. Lussick would move a bill. They could not see why the Government was not, after a period of some two months, prepared to accept some amendment to the legislation. The appointment of experts was regarded as a device to enable the Government to avoid coming to an early decision. On the part of certain more sophisticated European Members, the feeling existed that the issue was not sufficiently important for the Government to disregard the expressed opinions of the House

30 See telex 8894, Hay to Warwick Smith, 8 November 1968, *ibid.*

31 See telex 7941, Warwick Smith to Hay, 6 November 1968, *ibid.*, and telex 9220, Hay to Warwick Smith, 20 November 1968, *ibid.*

32 *House of Assembly debates*, 22 November 1968, NLA: Nq 328.952 PAP, pp. 638–9.

33 *ibid.*, p. 639.

34 *ibid.*, p. 640.

35 *loc. cit.*

altogether. The likelihood was, in our opinion, that this resentment would be expressed in some very critical remarks about 'Canberra' in the course of the debate. It is the considered opinion of senior officers present, not just official Members, that had the debate gone on, then a strong and bitter attack against Canberra would have developed. Mr. Ellis, for instance, has described the attitude of the House as 'heavily anti-Canberra'. A telegram from the Department indicates to me that there is some disposition to doubt the validity of this opinion. I have checked it from many sources and am convinced that our assessment is well-founded.

As it turned out, the suspension of standing orders, the fortuitous gagging of the second reading debate (which we owe to Mr. McKinnon) and the fact that no divisions were called for, all combined to reduce the damaging consequences which it had been feared would attend the passage of the bill ...

Some queries received from the Department indicate that, in the opinion of some officers, there were opportunities which could have been taken by official Members to secure an adjournment, but all these opportunities were procedural. Considered in isolation from the character of the House, they may seem to have some point. Seen from here they are unrealistic. Rightly or wrongly, the House is accustomed to passing legislation quickly, and for the official Members to have attempted to resist by quoting rules which are not understood would have precipitated the kind of acrimonious debate which I and other senior officers have been anxious to avoid.

It is, in my view, a mistake to assume that the Administration can get its way in the House, or should try to, by resort to complicated procedures, which, however valid in a more sophisticated House, can on occasion imply trickery or deceit. Such distinctions as between a motion and a bill, or between voting against because of timing and voting against because of opposition to substance, are hard enough to draw with indigenous Members. It is for this reason, as well as because of the implication that official Members do not know their jobs, that I have expressed strong opposition to a suggestion that they should come to Canberra in early 1969 to be instructed by departmental officers on matters of procedure and constitutional development with which they are familiar.³⁶

In conclusion, I repeat the view I expressed in earlier messages about the Lussick bill, that it is essential for the carrying out of the Government's policies in the Territory that the spirit of confrontation between the Administration and the elected Members does not develop in the present House. This will involve the Government and the Administration in occasionally leaning towards the House rather than insisting in all cases on the letter of its view prevailing.³⁷

36 Warwick Smith had conveyed the Minister's desire for official members to visit Canberra during February 1969 'for discussions with himself and departments here on their role and function in the House of Assembly, the general constitutional position, parliamentary procedures etc' (telex 8529, 26 November 1968, NAA: A452, 1968/5901). Hay replied: 'I am strongly opposed to the suggestion contained in your teleprinter. Official Members and myself are well aware of their role and function in the House of Assembly, of the general constitutional position and parliamentary procedures. It would be a waste of public money for them to go down to Canberra to be instructed on the basic elements of their duties. Such differences as have arisen in this and the last session on matters of procedure and handling of motions etc has largely been due to the lack of appreciation on the part of departmental staff of the requirements of the tactical situation in the House. You cannot separate the consideration of the issue from the situation in which it is raised and the general tactical situation arising from the fact that Official Members are in a minority. This requires a certain amount of give and take. Already we are in danger of an atmosphere of confrontation building up. If there are any particular points which the Minister believes are not being made in accordance with Government policy then I hope that he will let me know' (telex 9492, 29 November 1968, *ibid*).

37 Letter, Hay to Barnes, 2 December 1968, NAA: M1867, 3.

243 LETTER, WARWICK SMITH TO HAY

Canberra, 3 December 1968

CONFIDENTIAL

Following their return from the Territory Dr Sinclair and Brigadier Campbell prepared some notes on the Bougainville situation. A copy of the paper is attached.

The paper raises a number of points which require consideration for further action and these are listed in a separate attachment.¹ The Minister is particularly interested in this and has enquired what steps are being taken to give effect to the suggestions made. I would be glad to have your views on the specific recommendations which might be submitted to the Minister for consideration.²

[*matter omitted*]

Attachment

NOTES ON THE BOUGAINVILLE SITUATION

Separation movements generally

1. Independence movements like the 'Bougainville Referendum' and the 'Melanesian Independence Party'³ should not be regarded as wilful rebellion against the Administration. They are normal and predictable results of political education and growing sophistication of the people. If they did not occur the Administration would have failed in its efforts to make the people politically aware.
2. The assumed probable causes of these movements are:
 - a. political awareness already mentioned;
 - b. frustrations generated as a result of conflict between the political and economic aspirations of the sophisticated minority and the restraints imposed by paternalistic control exercised by the Administration;

1 Not printed.

2 Reacting to calls for a referendum in Bougainville (see footnote 1, Document 223), the Administration had, by December, despatched to the island 'Bougainville information teams' as part of an ongoing 'political education programme'. The teams were described by Hay as 'one of several fronts designed to facilitate communication between the Administration and the Bougainville people and to try to {gain} an acceptance of Administration policies, especially with regard to a unified Papua and New Guinea' (record of Public Relations Advisory Committee meeting, 12 December 1968, NAA: A452, 1968/5563). Another element of the program attempted to place the Administration's practical activity in a more positive light, as Hay explained to Newby: 'I have gained the impression that some people in the Territory and probably many people on Bougainville think that the Administration is acting on behalf of the C.R.A. or, indeed, as a stooge of the C.R.A. in and around Kieta. This impression can easily arise from the need for the Administration to protect reconnaissance and other parties which go about their lawful business and have occasion to use the Police for this purpose. We need to take what steps we can to remove this impression. I have discussed with the Minister and he has agreed that we could give more emphasis to the role of the Administration in protecting the interests of the people of Bougainville, as well as the interests of the House of Assembly and the Territory as a whole. Where, as frequently happens, the Administration steps in to ensure that the interests of the people are taken into account, then that could be emphasized. However, the Minister has directed that we are not to give the impression that the Company is not co-operating with us in these tasks. The task is, therefore, somewhat a delicate one and its carrying out needs to be done carefully' (minute, Hay to Newby, 18 October 1968, NAA: M1866, 3).

3 See Documents 234, 236 and 240.

- c. conflict between the customary dispersion of native power systems into local units and the western practice of centralisation of control;
- d. individual motivations: e.g., there is little doubt that Paul LAPUN's political ambitions influenced his support of the referendum proposals. Similarly, there are grounds for suspicion that the economic goals of some expatriates influenced the Melanesian Independence move.

Causes specific to Bougainville

3. In addition to those causes common to independence listed in para 2 above, those specific to Bougainville appear to fall under the following headings:

- a. Historical
- b. Psychological
- c. Social

4. HISTORICAL

Many Bougainville people harbour a lasting and deep rooted resentment at the treatment they have received at the hands of white men. This has been contributed by—

- a. 'Black birding' of the late 19th and early 20th centuries. There is evidence that stories are still passed from father to son.
- b. Periodic changes of titular 'ownership' of the island—British, German, Australian, Japanese, Australian—have produced on the people a belief that they are regarded as 'chattels'.
- c. The phrase 'Black Buka Bastard' has been, and still is, used by some Europeans and red skins. The fact that Bougainville males were used as bodyguards to the Germans in New Britain does little to foster mutual affection between them and the Tolais.

5. PSYCHOLOGICAL

- a. The people hold strong opinions about their 'superiority' over both 'white skins' and 'red skins'. These opinions are believed to be a compensatory mechanism stemming from basic feelings of inferiority over the marked difference of their skin colour.
- b. The historical forces stated above have led to a denigration of their own 'self-image' which in turn has fostered strong and generalised feelings of resentment.

6. SOCIAL

- a. Whether it is justified or not, the people have a strongly held opinion that the Administration has 'neglected' Bougainville in favour of other parts of the Territory. They tend to perceive the Missions as the source of all the benefits they have received.
- b. They have growing feelings of disenchantment with the Missions—in particular with the Roman Catholic sector. This is not based necessarily on religious grounds but on
 - (1) the equivocal political attitudes shown by different Mission priests;
 - (2) the slowness with which the Missions have delivered the 'cargo' i.e. produced material progress and personal gains.

- c. Education of younger people has
 - (1) created feelings of inferiority and indecision amongst the older and more conservative leaders;
 - (2) has enabled the younger men to read widely and to become aware of the relevant contemporary situations in Nauru and newly independent African states. These they compare with Bougainville conditions. It might be noted that some of their views are more superficial and emotional than insightful and reasoned.
- d. The advent of CRA has been a precipitating and not a causal factor. It has had two opposing effects:
 - (1) the rapid cultural change it will enforce generates fear and resentment;
 - (2) knowledge of the presence of copper reinforces feelings of superiority over other parts of the Territory and induces the fantasy that the people can exploit this source of wealth.

The Administration

7. ITS DILEMMA

- a. In an earlier report (1964 Follow Up Study on Mental Health of the Indigenes of TPNG)⁴ we commented

‘Any administrative authority attempting to implement a process of cultural change in an immature preliterate social group is in the unenviable position of a parent attempting to guide a family of not very co-operative adolescents towards adulthood.

Any parental figure, real or substitute can exercise his authority at three levels of maturity. Firstly, at the lowest level, he may be authoritarian, “directing” the adolescent to behave to a set pattern. Secondly, he may be “paternalistic”, inviting the adolescent to accept one, or several, alternative modes of behaviour which he, the father, thinks appropriate. Thirdly, at the most mature level, he may set definite limits to areas of behaviour, and within these limits, allow the adolescent complete freedom. The first form of control invites outright rejection except from the submissive and the anxious; the second elicits limited co-operation and the third gains maximum co-operation.’

- b. This is the precise situation in which the Administration finds itself in BOUGAINVILLE. It faces the dilemma of deciding to what degree it can relax its paternalistic control and encourage permissive risk taking. If it remains paternalistic it will be resented. If it is permissive, its new attitude may be perceived as weakness.
- c. The only solution to this problem appears to be the application of a masked and subtle form of directiveness which will give the native people greater control and responsibility.

8. ITS IMAGE

- a. The Administration’s past policy of permitting the Missions, under subsidy, to provide the vital social services of Education and Health has had two unfortunate effects:

⁴ Not printed.

- (1) it has created for itself the image of a 'neglecting parent' and consequently has become the object of paranoid projective thinking expressed in the frequently repeated accusation that 'BOUGAINVILLE has been neglected';
 - (2) it has placed itself in a position of weakness vis-a-vis the Missions, a situation which the people are actively exploiting.
 - b. The Administration image has not been enhanced, by the 'go-stop' nature of the projects its officers have undertaken, e.g.
 - (1) its failure to proceed with the construction of the JABA-LAMBALAM road after purchase of land for road alignment and after definite assurances that the road would be built;
 - (2) the failure of the successive agricultural efforts attempted in the south of the island.
 - c. The task of creating a new image must be undertaken without delay. Steps which can be taken towards this end are
 - (1) better and more direct communication with the people;
 - (2) publicising the Administration's contributions to the Missions in the fields of education and medicine;
 - (3) publicising the Administration's direct contributions to the improvement of the island;
 - (4) recognising that BOUGAINVILLE is, and will continue to be, basically an agricultural economy and therefore making a massive contribution in the form of more and better experienced agricultural advisers and better communication facilities;
 - (5) having in mind that the education of children will affect the policies of the next two decades, provide increased Administration educational facilities;
 - (6) recognising that the quickest way to the hearts of Bougainville women, who exert no mean influence, is through the health of their children, provide increased Administration medical facilities.
9. COMMUNICATION WITH THE PEOPLE
- a. Improved communication between Administration and people is vital. Continuing the simile of parent and adolescents outlined above, the adolescents (the people) expect two kinds of communication:
 - (1) emotional—in the form of understanding and ACCEPTING their rebellious attitudes;
 - (2) operational—in the form of guiding them to make constructive use of their drives.
 - b. The Administration is strong in the latter and lamentably weak in the former. In discussing this question with a number of native persons apropos key figures in the Administration, the common response was—

'Yes, they understand us and talk to us from here (indicating the head) but they don't understand us and talk to us from here (indicating the heart)'.

c. Some DNA⁵ officers are skilled in both kinds of communication, vide the dramatic change that has occurred in the attitudes of the BUKA people over the past 4 years. The Administration would be well advised to identify such officers and ensure they fill key posts in BOUGAINVILLE.

d. One further point on communication must be made. Native people are literal and pragmatic in their interpretation of the spoken word. They are incapable of understanding the fine shades of 'implication' used by Europeans. They do understand a firm 'Yes' or 'No'. Diplomatic statements the Secretary makes, like 'The referendum proposal will be given favourable consideration' are interpreted as an agreement the referendum will be carried out. An audible speculation about 'liking to build a road' is interpreted to mean the road will be commenced immediately ... It is vital that no person in authority—Minister, Secretary, Administrator or Administration officer makes these kinds of statements.

10. CONTROL

a. Mention has been made of the native's resistance to centralised control because it runs counter to their traditional concept of dispersion of power. They suspect and fear the demands of the 'Government in Port Moresby'. Their attitude was summarised by Mr. PITA LUS in the royalties debate, 'If the money comes here it will only be used in Port Moresby. All these things are done in Port Moresby and not in other places.'

b. We believe that this attitude can be countered only by permitting the senior Administration official in BOUGAINVILLE a degree of autonomy and by conferring on him the power to implement decisions and authorise expenditure of money on urgent projects without reference to KONEDOBU. This approach may appear impossible within the present Bureaucratic framework of the Administration, but the possibility of giving the local DC even limited local financial resources should be investigated.

c. As an extension of the need for dispersed control the Government would do well to realise that the permissive benign, yet authoritative control required by the Territory as a whole can NOT be exercised from CANBERRA.

The Missions

11. The paper 'The Bougainville Situation'⁶ prepared by Ashton⁷ et al sets out adequately the position relating to the Missions. It is sufficient to comment that although the Missions still exert a powerful influence, the growing disenchantment of the people, the denominational differences between Missions and the internal disagreement in political attitudes within the Marist Mission all create lines of fission which can be exploited.

C.R.A.

12. ROLE IN CURRENT UNREST

a. The presence of CRA is not a major cause of BOUGAINVILLE dissension. It is best regarded as a current and a precipitating event but not a crucial one.

⁵ Department of Native Affairs, a predecessor of DDA.

⁶ Not found.

⁷ D.N. Ashton.

b. The local adverse reaction to CRA's exploratory operations was logical and inevitable because those operations:

- (1) violated customary land rights;
- (2) threatened to force on the people sudden and unwanted cultural change;
- (3) created fear.

c. The objections raised by people in the PANGUNA area were used by vocal anti-Administration, anti-white agitators as propaganda themes to spread anti-CRA attitudes throughout the island.

d. The success of this propaganda was aided by the attitudes of some Marist priests who undoubtedly saw CRA as a threat to their own material and political control.

13. CURRENT NATIVE ATTITUDES TOWARDS CRA

a. The BOUGAINVILLE people are NOT unanimous in their attitudes towards CRA. Their reactions vary widely according to location, status, age and education.

b. Reasons for pro-CRA attitudes range from specific benefits—more roads, earn more money—to the generalised statement that CRA is 'gut pela samting'.⁸

c. Stated reasons for opposition to CRA are:—

- (1) 'If CRA had explained themselves to us prior to operations, and had asked our permission, we would have granted it; but they did not do so, so we are against them.'
- (2) 'CRA is taking all our good land and leaving us with no places to live or to plant crops on.'
- (3) 'CRA is looting our Island of all its treasure and giving us little or nothing in return. When "Independence" comes our land will be "skin nothing!"'
- (4) 'The money paid by CRA in "taxes" will all go to Port Moresby, with few or no benefits going to Bougainville in general, or to the dispossessed land owners in particular.' (A variant on this theme is that the 'tax' is going into building skyscrapers, etc., in Port Moresby, and that when 'Independence' arrives Papua (as distinct from New Guinea) will be incorporated into Australia.)
- (5) 'CRA people (whites and redskins) are after our women—as evidenced by the "women wanted" sign that was posted, by the visits of (excursioning) men to our villages, and by many actual (i.e. rumoured) cases of rape and of attempted rape.'
- (6) 'CRA will have a bad effect on our young people. They go there, earn lots of money and many evil ways and when they come home they will not do as we tell them any more.'
- (7) 'CRA is digging holes 600 miles deep thereby endangering the Island, since the water will come up through these holes and flood the whole Island.'
- (8) 'CRA is lying to us about "exploration"; it is already mining copper and selling it.'

d. A brief summary of area reactions are

⁸ That is, CRA is 'a good thing'.

- (1) GUAVA Area. Generally not pro-CRA, but being replaced by an unwilling acceptance of the inevitable. All above anti-CRA reasons except (7).
- (2) ROVOVANA. Anti-CRA reasons (3), (4) and (8) balanced by pro-CRA attitudes.
- (3) NORTH & SOUTH NASOR. Same anti-CRA reactions as GUAVA. Some pro-CRA sentiments.
- (4) BUIN & SIVAI. Anti-CRA attitudes (3, 4 and 6) outweighed by CRA support and disinterest.
- (5) NAGOVISI. Strong anti-CRA attitudes.
- (6) WAKUNAI. Evenly divided pro and anti-CRA.
- (7) BUKA PASSAGE & BUKA. Generally pro-CRA.

14. CRA ATTITUDE TOWARDS NATIVE PEOPLE

- a. CRA is taking [an] enlightened course in its relations with the people. It wishes to proceed with the project as quickly as possible, but in doing so is anxious that it disturbs the native situation as little as possible.
- b. It has sought expert advice from two anthropologists (OLIVER⁹ and NAYACAKALOU),¹⁰ is employing a psychologist from 1st January 1969, and co-operates with the Administration.
- c. The CRA submissions attached to the paper 'BOUGAINVILLE Situation' sets out the situation much as we saw it.

15. THE FUTURE

- a. CRA officers are non-committal about the future, [and] although current indications are that the company will proceed with operations, there is always the possibility that in an adverse political climate it would be prepared to write off the project. If it took the latter course, its departure would NOT solve the BOUGAINVILLE problem.
- b. However, if it proceeds to exploit the copper deposits, its operations will exacerbate the total situation.
- c. It may be accepted that CRA's interests are *not* altruistic.

Lines of fission in BOUGAINVILLE

16. The greatest asset the Administration has in the manipulation of the BOUGAINVILLE situation is that the people are NOT united on practically every major issue. The most obvious lines of fission are—

A. POLITICAL

- (1) *Current old and more conservative leaders v. younger educated and impatient men aspiring to leadership.* This was obvious at the conference of Local Government Councils held in KIETA.
- (2) *Local Government Councillors v. sitting members of the House of Assembly.* Paul LAPUN and Josep LUE did NOT attend the KIETA conference.

⁹ Professor D.L. Oliver.

¹⁰ Dr R.R. Nayacakalou.

This did NOT please the delegates who sent LAPUN a message to come by the next plane. He did NOT show up.

(3) *Sitting MHA's v. some of their electors.* Donatus MOLA has already been warned by his electors that he is in the House of Assembly to REPRESENT THEM and not to exploit his own personal ideas.

(4) *MOLA v. LAPUN and LUE.* There is some evidence that they are NOT united in their attitudes to the referendum or to CRA.

B. RELIGIOUS

(1) *Roman Catholic Missions v. Methodists & SDA.*¹¹ These differences exist on political as well as religious grounds. SDA support the Administration, Methodists are more or less neutral, Marist priests while divided are generally anti-Administration, anti-CRA.

(2) *Internal Marist differences.* Fr. O'SULLIVAN¹² et al pro-Administration v. Fr. FINGLETON¹³ et al anti-Administration.

(3) *Younger educated people (and probably others) v. the Church.* Members of the former group expressed opinions that people were becoming disillusioned with the Church both as a political force and as a spiritual comfort. This thinking tends to be supported by Bishop LEMAY's stated opinion that the Church would be out of BOUGAINVILLE within the next 10 years.

C. SOCIAL

(1) People by areas pro-con Administration.

(2) People by areas pro-con CRA.

(3) People by areas pro-con referendum.

Action by the Administration

17. It is our opinion that the whole BOUGAINVILLE situation is ready-made for the application of a psychological operation aimed at manipulating public attitudes in the Administration's favour. If undertaken this operation should include:

a. Implementation of the action suggested earlier in the paper under the heading 'The Administration'.

b. The mounting of a full scale propaganda campaign having

(1) the OVERT aim of advancing the peoples' political education and so enabling them to make a more reasoned decision on their future;

(2) the COVERT aims of exploiting the lines of fission mentioned above and providing factual information which the supporters of the Administration can use in argument.

18. If such a campaign were mounted, it would need to observe the following principles of the manipulation of attitudes.

¹¹ Seventh Day Adventist.

¹² Father Richard O'Sullivan, Roman Catholic priest, Koromira mission.

¹³ Father Walter Fingleton, Roman Catholic priest, Tabago mission.

- a. Identify specific target populations and direct specific themes to each (the section on lines of fission indicate possible target populations).
 - b. Provide factual information, slanted if necessary in the Administration's favour.
 - c. Provide ample opportunity for the people to discuss the issue. It is by discussion and argument that they clarify their positions.
 - d. Encourage the people to participate in decision making. This aspect is vital. Whether it is in the direction the Administration wishes will depend on:
 - (1) the quality and relevance of the factual information it gives its supporters.
 - (2) the skill in argument and the influence of its supporters.
 - e. Obtain 'feed back' of argument and opinion as a guide for future communication policy.
19. The Media which could be used are:
- a. Radio BOUGAINVILLE
 - (1) Place an emphasis on information relevant to the contentious issues.
 - (2) Suggest discussion groups and encourage feed-back through letters.
 - (3) Make full and regular use of the programme 'The DC Speaks'.
 - (4) Make a feature of 'Replies to Letters' with pertinent, if slanted, comment.
 - b. District Staff Activities
 - (1) Identify Administration supporters.
 - (2) Discuss with them the contentious issues.
 - (3) Encourage them to discuss the issues widely and to give 'feed back'.
 - c. CRA Activities
 - (1) A wider distribution of their 'Bougainville Copper Magazine',
 - (2) An extension of 'Slide and Talk' programme already given to delegates at the Local Government Council conference.
 - d. Radio Recording Teams
 - (1) Wide coverage;
 - (2) invite views of contentious issues;
 - (3) record discussion;
 - (4) broadcast edited discussion with comments.
20. Some suggested topics might be—
- a. Factual Information
 - (1) Administration's past support of Mission effort.
 - (2) Administration's own activities.
 - (3) What is involved in independence—organisational, financial, technical competence.
 - (4) What is involved in extracting copper, technical competence, finance, organisation, marketing, etc.
 - (5) Importance of agriculture.

b. Topics to raise doubts

(1) Real aims of LAPUN et al—personal aggrandizement v. good of the people.

(2)¹⁴

(3) Competence and clear thinking of LAPUN et al—conflicting motions, common name for Territory v. Referendum for secession.¹⁵

(4) Real aims of RC Church—welfare of people v. their political manipulation.

Warning

21. The statements made in these notes do NOT have the oracular quality as those which emanated from DELPHI. They are merely the results of a bi-disciplinary analysis of the information available.¹⁶

[NAA: A452, 1969/1157]

14 One sentence has been expunged.

15 See footnote 1, Document 223.

16 In a reply to Warwick Smith of 20 December, Hay wrote: 'The first thing to be said is that Bougainville has to be seen as part of the total problem of the Territory picture and not as an isolated problem. While the people of Bougainville claim they have been neglected, the same claim has been made to me by leaders in many other districts ... For the Administration to react too strongly to the present situation in Bougainville, particularly by giving "massive aid" to the agriculture, education and health services there as suggested by Brigadier Campbell, could well create difficulties in other areas. This would be the more likely if resources applied to Bougainville came from allocations to other Districts' (NAA: A452, 1969/1157). With this qualification in mind, Hay remarked that the Administration was: '(a) taking action through radio and field staff to "get over" what the Administration is doing (b) studying the possibility of increased efforts in agriculture, education and health ... this should be within the framework of the 1969/70 budget, if at all (c) taking steps within existing approvals regarding roads and transports (d) investigating the possibility of establishing a national institution in Bougainville (e) reviewing DDA staff postings in the District and arranging for teams of field staff to be sent there for discussions with key opinion formers (f) encouraging Ministerial Members and Assistant Ministerial Members to visit the area (g) working towards the establishment of a reserve for Bougainville of \$10,000 for minor new works and rural development at the District Commissioner's discretion (h) investigating refinement, expansion and probably allocation of extra resources for the psychological campaign' (DOET summary of Hay's letter in submission, Besley to Barnes, 12 February 1969, *ibid.*). In early 1969, Barnes was told that the 'Department's view on the general issue is that a concentrated effort to dampen the unfavourable effect resulting from the Bougainville situation would in the long run cause less trouble. The argument that Bougainville will be contributing to a considerable extent to the national economy can be used with justification. Requests by sectional interests for additional allocation of resources are not uncommon and such requests can it is considered be coped with far more satisfactorily than Bougainville type situations ... It is considered that the Administrator should be informed that while his general position is appreciated it is thought that every effort should be made to follow the Campbell/Sinclair line of action. With this in mind the Administrator should be requested to submit a report in six months time on progress made in implementing the suggestions in the report'. Barnes agreed with the last proposal. He also endorsed both the action being taken by the Administration and the Department's recommendation that 'the opportunity should not be lost sight of to inject as much resources into the District as possible'. In connection with DOET's position on resources, he wrote in marginalia of 12 February that 'This is a valid point, but I believe that greater emphasis could be given to the idea ... that the establishment of a valuable resource, such as the copper operation, brings with it many great advantages to the local area as well as the Territory as a whole' (*loc. cit.*).

244 SUBMISSION, JOCKEL TO HASLUCK

Canberra, 4 December 1968

CONFIDENTIAL

Visit by Brigadier-General Sarwo Edhie to T.P.N.G.

You may not be familiar with the background of the subject which is briefly summarized below.

2. On 27th September, the Indonesian Minister for Internal Affairs, Basuki Rachmat, also at the time acting Foreign Minister, told Loveday that he was anxious to discuss with President Soeharto as soon as possible a proposal that the Military Commander of West Irian, General Sarwo Edhie, visit T.P.N.G. He said that he would like advance knowledge that this visit would in fact be acceptable to the Australian Government, and asked if we could reach an early favourable decision and let him know. This approach followed earlier indications, including a public statement by General Edhie himself, that the Indonesians would like such a visit to take place.¹

3. In a submission of 2nd October to the Acting Minister,² the Department recommended that Loveday be instructed to reply along the lines that the Australian Government would be happy to arrange a visit by General Edhie in December if President Soeharto desired it to take place. The main paragraphs of that submission follow:—

As Military Commander of West Irian, General Edhie is the most important Indonesian Government figure in that Territory. This is because of both the predominant position of the Army in Indonesian affairs and also the leading role which the military has played in West Irian since Indonesia assumed control in 1963. The civilian Governor of West Irian,³ an indigenous West Irianese, is of little consequence. It is expected that General Edhie will remain in his present position for some time, and certainly over the period leading up to the 'act of self-determination' which Indonesia is obliged to carry out in West Irian before the end of 1969.

General Edhie is known to be well-disposed towards Australia and has spent a year at Queenscliff Staff College in 1964. (The Commandant of the College at the time, Brigadier Hunter, is now Commanding Officer of the Pacific Islands Regiment in

1 Hasluck had also received a letter from journalist Peter Hastings, who wrote that during an evening with Edhie, the General had requested help in obtaining an invitation to PNG. Hastings asserted that Edhie was 'apprehensive, like many Indonesian politicians these days, [about] the enormous economic disparity between TPNG and West Irian, of the political and economic discontent this causes West Papuans ... and of the possible effects of future TPNG independence on coastal West Irianese'. 'However', Hastings continued, 'he is also aware that if future Australian-Indonesian tensions are to be avoided over New Guinea then Indonesia must make a greater and more sustained economic effort in West Irian'. Hastings believed there were 'certain advantages' to inviting Edhie to PNG, including that he 'would probably use his impressions of TPNG's economic and social development as a lever to obtain more money from Djakarta and a greater Central Government commitment to development generally'. On a personal level, Hastings labelled Edhie as less impressive than his reputation suggested: 'Edhie is highly regarded and I'm not quite sure why. He commanded the RPKAD (paratroopers) in the counter-coup and was responsible for killing a large number of Communists ... He is supposed to be clear thinking, progressive and clean handed. I, in fact, found him rather vain, a trifle arrogant and somewhat repressive. However, he is nobody's fool' (13 August, NAA: A1838, 3034/10/1/4 part 2).

2 Gordon Freeth—who replaced Hasluck as Minister on 11 February 1969.

3 Frans Kaisiepo.

T.P.N.G.) In subsequent years he has acquired a reputation for honesty and strong leadership and was the leading military commander in the Djakarta area in anti-communist operations after the September 1965 coup. He will be playing a key role in the events surrounding next year's 'act of self-determination'.

When General Edhie stated in public on 21st August that he wished to visit T.P.N.G., he commented that he hoped to discuss ways and means of stopping rebels from fleeing from West Irian into the eastern part of the island. If the visit is to proceed, we would have to ensure that General Edhie was under no misapprehension that he could have such discussions in T.P.N.G., where the Administration is concerned only with the implementation of policies determined by the Government in Canberra. Our contacts with the Indonesian Government on refugee problems are carried out almost exclusively with the Indonesian Foreign Minister, Mr Malik. It would also cause a bad impression in Australia if it became widely believed that General Edhie was visiting T.P.N.G. to get us to put a stop to receiving refugees. The domestic (and international) delicacy of this matter is well understood by General Soeharto and Foreign Minister Malik and it would be essential for General Edhie to understand and accept the position if this visit is to take place.

Our Ambassador in Djakarta has commented that there would be advantages in a visit by General Edhie to T.P.N.G., provided it is carried out fairly soon. If it is not undertaken soon it will become harder to arrange it later as the problems associated with carrying out the 'act of self-determination' will tend to make West Irian questions as a whole more sensitive politically as time goes on.

Departmentally we favour an early visit by General Edhie. While General Edhie would not be going to look into the question of West Irian refugees and similar matters of border control, the contacts he would have with Administration officials would assist in his gaining an appreciation of our point of view, of our good faith in the matter, and of our efforts to prevent difficulties and frictions arising between Australia and Indonesia on account of New Guinea matters. Furthermore, a tour of familiarization of T.P.N.G. (as well as being something which can be presented publicly as quite normal) could help him in his responsibilities in West Irian. It is important that the Indonesians appreciate the rate of development and the effort being put into T.P.N.G. An exposure to the realities of Australia's development effort in T.P.N.G. could influence General Edhie to urge his own Government to do more for the development of West Irian. None of these reasons is compelling in itself, but they add up to a sufficient case for agreeing to the visit. Not the least important consideration is that the Indonesians at a high level are interested in the visit and we would not wish to put them off without good reason.⁴

4 In Territories, Besley commented to Barnes that the Administration preferred that the visit not go ahead because of possible reaction in PNG, but would concur if the 'advantages were overriding'. Besley argued that the visit would provide an opportunity to 'inform the Indonesians adequately in both Djakarta and Sukarnapura of our position with respect to the border'. It would also help the people of the Territory 'to recognise that 1969 will not bring a change in the status of West Irian and to be developing a framework for future amicable relations with an Indonesian West Irian'. Barnes approved the visit, with a series of provisos designed to meet concerns over public reaction in the Territory: '(a) it is presented as a familiarisation visit preferably of an inter-military courtesy nature; (b) the Indonesians and Brigadier-General Edhie are agreeable to there being no public statements regarding border problems or the "act of free choice"; (c) the Indonesians and Brigadier-General Edhie are informed of some possible local reaction during the visit and (d) the visit takes place prior to 18th November or, if later, at a time when the House of Assembly is not

4. On 21st October, Loveday discussed the proposed visit with Malik, making the point that the visit would not be for the purpose of discussion of basic policy on the handling of the West Irianese refugee problem. Malik readily accepted this point and said that it was important to handle the visit correctly. He did not think that it should include the border areas. He thought it would be a very good idea for General Edhie to make the trip (the more facts people knew the better) and that he would strongly recommend the visit to President Soeharto.⁵

5. On 7th November, Malik told Loveday that it appeared unlikely that the visit could be made this year as General Edhie would be very busy following up indications that the two main rebels in West Irian were prepared to give themselves up. Malik said that he would let Loveday know if and when the visit to T.P.N.G. was convenient.

6. On 28th November, Loveday reported that despite Malik's advice on 7th November, there were now indications at the Army level that Edhie was hoping to commence a visit to T.P.N.G. on 9th December. This was still tentative, as President Soeharto had not yet approved the visit, nor had formal advice through the Foreign Ministry been received. On 29th November, however, General Soepardjo of the Foreign Ministry⁶ told Loveday that the President had approved General Edhie's visit to T.P.N.G. subject to final approval by the Army Commander. This was given on 2nd December.

7. The Administration has advised that it can handle a visit of about five days, commencing on 9th December, and including Port Moresby, Lae, Goroka and Wewak. The Embassy in Djakarta is discussing details of the visit with the Indonesians on this basis.⁷

[NAA: A1838, 3034/10/1/4 part 3]

meeting' (submission, 8 October 1968, NAA: A452, 1968/4602). External Affairs was informed of these wishes on 15 October (memorandum, DOET (Galvin) to DEA, NAA: A1838, 3034/10/1/4 part 3). The Administrator later objected to definition of the visit as a military one, yet it was also felt undesirable to 'treat him publicly' as equal to the Administrator, even though he was the 'key man' in West Irian (minute, Galvin to Besley, 11 October 1968, NAA: A452, 1968/4602). Consequently, Barnes agreed that the visit 'should be handled as one by a distinguished representative' (minute, Besley to Rose, 16 October 1968, *ibid.*, and memorandum, DOET (Besley) to DEA, 17 October 1968, NAA: A1838, 3034/10/1/4 part 3).

5 In his report of the conversation, Loveday commented that the 'discussion of the origins of the visit provided a good opportunity to get it across to Malik, in another form, that we were anxious to be frank and open with the Indonesians about our attitude to West Irian and what was going on in East New Guinea' (cablegram 2480, Loveday to DEA, 21 October 1968, *ibid.*).

6 Soepardjo was located in the Ministry's Asia-Pacific Directorate.

7 In a cablegram of 4 December, Loveday wrote that he had provided briefing notes for Edhie and other Indonesian army representatives via Soepardjo. These notes stated that the visit was likely to be the object of 'considerable' press interest and that it 'might be desirable for a common Australian/Indonesian public approach'. The suggested outlines of this public relations strategy were, *inter alia*, that the visit was a 'familiarisation tour', during which the Indonesians would 'observe economic and social conditions in the Territory'. The visit was 'not for the purpose of discussion of basic policy on the handling of people who cross the border from West Irian', as such policy questions were 'discussed between Canberra and Djakarta at the political level'. Loveday's paper added that 'Privately ... while border crossing is a matter which must be handled at the political level, the Australian Government expects that if General Sarwo Edhie so desired, there would be opportunities during the visit for discussion of value to both sides, in which senior officials of the Papua and New Guinea Administration would be prepared to discuss practical aspects of the implementation of policy' (cablegram 2811 to DEA, NAA: A1838, 3034/10/1/4 part 3.).

245 TELEX, HAY TO WARWICK SMITH

Port Moresby, 13 December 1968

9845.

Inclusion of dissident Raluana villages in Gazelle Peninsula Local Government Council

I.D.C.C. considered a paper on this ...

*[matter omitted]*¹

Because next step will be preparation of a proclamation of new multi-racial council covering whole Gazelle, for A.E.C. consideration, I sought preliminary views of A.E.C. Some had reservations on the grounds of breach of voluntary principle but majority reaction was favourable² ... According to Toliman main reason for the dissidents not agreeing to come into the council was one of face. He thought that a new situation such as the present in which another major change was about to take place, mainly the inclusion of people of other races in a multi-racial council for the first time, would provide a face-saving cover for the village groups concerned. Also the consequential new elections could provide a change in the executive of the council and this too would ease the situation. It was therefore generally agreed that the proclamation setting up a multi-racial council and including the new areas should be proceeded with and presented to the A.E.C. for approval when ready.

I should be glad if you would bring this to the notice of the Minister. Please inform him that the present Gazelle council has been pressing hard for a change on these lines on the grounds that it is wrong for those who live in council areas and support the councils to pay tax for their services while those who live in the same areas (and the villages concerned are in the centre rather than in a separate corner on the margin) that do not support the council nevertheless receive the same services without paying taxes. There are other areas where the same could apply but where we would not judge it wise to proceed at the present. The Duke of York islands is one, the Hahalis area is another. We have of course considered what might happen if there should be resistance, particularly when the time came for the first tax collection. Against this fact is that at least forty percent of taxpayers in present council area are defaulting. The accent for public presentation of this move will of course be on the multi-racial character of the new council and the incorporation of the non-council areas will take second place.³

[NAA: A452, 1969/2889]

1 Matter omitted is a summary of Document 241.

2 Henderson expressed a dissenting view during the meeting. 'Well, look', he said, 'you're buying trouble. The Tolais are difficult'. According to Hay, Henderson believed that 'it was better to leave the Gazelle situation in its unsatisfactory state and let [indigenes] sort it out after self-government', while his own view was that 'we should press the matter ... particularly since this had been brought to my ... notice by the Councillors during my visit to Rabaul [see Document 247], this was a matter which ought to be resolved, and I was impressed by the advice that had been received that any opposition could be handled' (Hay interview, 1973-4, NLA: TRC 121/65, 4:2/13).

3 Action taken on the telex was recorded later in the following terms: 'The Department was informed on 13th December 1968 of the intention of the Administration to include dissident Tolai villages in the Council area. This was referred to the Minister specifically because it breached the so-called voluntary principle. The Minister approved of this approach verbally and the Administrator was informed. In the same message the Administrator said that the next step would be to establish a multi-racial council [MRC] covering the whole Gazelle. It was stated that the presentation of the changes would be related to the change to multi-racial and no comment was made by the Department. Ministerial approval to the change to multi-racial was not sought or obtained as this represented no change in existing policy' (minute, A.G. Kerr (Acting OIC, Government and Constitutional Section, DOET) to Warwick Smith, 12 September 1969, NAA: A452, 1969/4331). Notably, Barnes was a strong supporter of the council system. Earlier in the year, upon seeing an annual report on local government, the Minister had described the system's evolution as 'encouraging' and had written: 'I view with great importance the activities of Local Govt' (marginal note of 8 January on minute, Besley to Barnes, 7 January 1969, NAA: A452, 1968/6080).

246 LETTER, HAY TO WARWICK SMITH

Port Moresby, 20 December 1968

RESTRICTED

Report on the Third Meeting of the House of Assembly—18th November to 29th November

I attach copies of a report which has been prepared by Mr. T.W. White, Senior Liaison Officer, with some editing by myself. I should be glad if it could be brought to the Minister's attention.

Attachment

This report of the Third Meeting of the House of Assembly draws attention to the main issues and the significant trends and attitudes evident during the meeting.

[*matter omitted*]¹

DEBATE ON BILLS

5. There was little debate on any of the Bills, and many went through all stages without any debate at all. Mr. Lapun's National Name Bill and Mr. Lussick's Arbitration Bill² attracted the most interest.

6. (a) *National Name Bill*

Pangu challenged the Government's Constitutional stand on this Bill.³ There appeared to be a widely held view that constitutional changes should be made to enable a National Name to be chosen at a later date. Mr. P.G.C. Johnson's⁴ later motion on this matter gave expression to this feeling.⁵ Pangu itself suffered a telling defeat when the Bill was lost 70–10.

(b) *Lussick's arbitration Bill*

Feelings against the Government on its attitude towards the Bill centred on the late request for a postponement. This was regarded as a 'Canberra affront'. The fact that the Government did not seek to oppose the substance of the Bill was largely overlooked. Lussick sought to expedite the Bill through all stages. The only speakers in the debate were Mr. Neville who made a bitter attack against Canberra and Mr. Henderson who put the Government's point of view. Had the debate been prolonged this attack would probably have continued. An unexpected closure motion by Mr. Mackinnon

1 Matter omitted is a list of bills considered by the House, including those that passed all stages, those deferred and that defeated (Lapun's private National Name bill—see footnote 1, Document 223).

2 See editorial note 'Tensions in the House: the Chatterton and Lussick bills'.

3 In response to Document 239, Warwick Smith stressed that Lapun's bill was 'ultra vires the Papua and New Guinea Act' and he instructed that 'an official member should object to the bill on these grounds and the Speaker should rule it out of order' (telex 8226, Warwick Smith to Hay, 14 November 1968, NAA: A452, 1968/5013).

4 MHA, Angoram open electorate.

5 P.G. Johnson moved that a select committee be appointed to seek the views of the people and report to the House 'on a single name for the Territory ... a national anthem, and national flag and a national symbol ... particularly in view of the forthcoming South Pacific Games to be held in Port Moresby and of certain recent indications of trends towards disunity and regionalization' (*House of Assembly debates*, 26 November 1968, NLA: Nq 328.952 PAP, p. 702).

prevented this from happening. Consequently the expected protracted and emotional debate did not occur.

[*matter omitted*]⁶

DEBATE ON MOTIONS

10. Debate on the Five Year Plan⁷ and on the National Unity motion⁸ overshadowed all other business before the House.

Five Year Development Plan

11. The main criticism of the plan came from members of PANGU, and from Mr. Percy Chatterton. Their theme was that there was not enough in the plan for the Papuans and New Guineans, and that indigenous interests had been overlooked in favour of the expatriate sector. PANGU was ably supported in its attack by Mr. Chatterton and his 'black New Guinea' statement was damaging,⁹ and could result in repercussions yet to come. Mr. Chatterton specifically called for preferential treatment for New Guineans (trade stores), and tax incentives for expatriate companies employing a high percentage of indigenous people. He and PANGU received support during the debate from some non-aligned Members, and from some Ministerial Members and Assistant Ministerial Members (Giregire, Watson) who pressed for more assistance from the Administration to help indigenous businessmen, and greater participation by indigenous people in the development of the economy.¹⁰

6 Matter omitted lists motions adopted by the House and that lost ('Sympathy with the plight of West Irianese refugees' (Somare)—see footnote 17). Two motions were adjourned.

7 See Document 210. Cabinet consideration was followed in September by a statement in the House of Assembly by Henderson and the tabling of a detailed report entitled 'Programmes and Policies for the Economic Development of Papua and New Guinea' (*House of Assembly debates*, 10 September 1968, NLA: Nq 328.952 PAP, pp. 441–4). Newman added to Henderson's comments when debate resumed on 20 November (*ibid.*, p. 596). For a copy of the report—known in official circles as the 'green book'—see NAA: AA1979/97, box 11.

8 Brere Awol put forward a motion that 'this House declares that national unity is essential to the progress of Papua and New Guinea as a modern state with enough resources and population to sustain a developing country. That this House resolves to support national unity and in particular calls upon the Administration and holders of Ministerial office, through the use of field staff, Administration radio, and lessons in schools to tell the people what they will gain by keeping together as a single country' (*This Week in the House*, no. 6, 26 November 1968, NAA: A1838, 936/4/11/1). It appears likely that Awol was prompted by official MHA's or indigenous members of the AEC. Apart from Hay's tactical discussion with the AEC (see Document 239), Barnes had called for 'Official Members' opposition [to the Lapun bill] ... be covert not overt' (telex 8440, DOET to Port Moresby, 21 November 1968, NAA: A452, 1968/5013; see also Document 242)—and it is clear that the Administration knew in advance that a private member's motion was to be put (telex 9244, Hay to DOET, 21 November 1969, *ibid.*).

9 Speaking about the means of increasing indigenous participation in economic development, Chatterton argued: 'we perhaps need something like a Black New Guinea policy. The White Australia Policy is, or is claimed to be, a means of protecting Australians from unfair competition. I suggest that native entrepreneurs in this country may need the same sort of protection, because, in open competition with Europeans, they are at a disadvantage. Not only has the European greater "know-how", he has easier access to credit, and easier physical access to those with authority to make decisions who at present are nearly all white. Ban discrimination as much as you like: it would still remain true that a European business man would have a better chance of penetrating the barricades and getting face to face with the managing director than would his indigenous counterpart. The latter will all too often be intercepted in the outer office by a junior clerk who will tell him "Mr. So-and-so is too busy to see you now; try again next week"' (*House of Assembly debates*, 20 November 1968, NLA: Nq 328.952 PAP, p. 600).

10 In a lengthy submission to the Administrator of 11 November, John Guise criticised the development plan in severe terms. Referring, *inter alia*, to the emphasis in the plan on foreign investment, Guise commented that 'an apparent paradox ... is that during the period that Papua and New Guinea will probably cease to be a dependency of the Australian Government, it could well become a pawn of international business

12. Speeches by Ministerial Members, who spoke for their Departments on the Plan, tended not to hold the interest of the House. Most of these speeches were read. Sometimes Ministerial Members did not fully grasp the meaning of what they were saying.

13. Some of the European elected members (McKinnon, Middleton, Watts, Pyne,¹¹ Evennett)¹² were strongly critical of remarks by PANGU members and Chatterton, which they said would scare off investment when it was most needed.

14. Lussick's motion calling for an endorsement of the Plan was carried on voices.¹³ The wording of this motion had been cleared with the Administration beforehand. There was some disposition on the part of the members to seek some changes, but they were dissuaded from pressing them on the grounds that they might have affected the Australian government undertakings which in turn depended on the form of words chosen on the motion. Others (Garrett,¹⁴ Neville and Chatterton—who proposed an amendment), expressed reservations on the motion concerning possible future tax increases.

*National unity motion*¹⁵

15. A number of the speakers who supported the motion sought to lay the blame for secessionist movements squarely at the feet of a few Europeans. Expatriate elected Members initiated this line of attack and the theme was adopted by many indigenous elected Members.

16. Indigenous Members from Bougainville (Lapun and Mola)¹⁶ and from the Gazelle (Toliman, Epineri, Tammur) strongly denied this, and on the whole, presented an effective case. Their main points were—rejection of Moresby centralisation; too little help too late; dangerous to impose artificial boundaries which were not acceptable to the people; preferential treatment for Europeans; the referendum was a safety valve and would enable people a genuine choice; self determination was a right not a privilege; and Bougainville was a pawn in the colonial power-game. Lapun made the significant point that a system of federation of States might be acceptable, and Mola said many people now rejected union with the British Solomons.

17. Pangu, together with the above speakers, adopted the line that the areas had been neglected (Islands), and that the Government must identify the causes of discontent and frustration, and act. Platitudes about unity were unconvincing. Some Pangu Members

interests'. He also argued that the plan gave 'great verbal emphasis' to indigenous participation in economic growth, but 'fails miserably to provide the machinery to achieve it'—'tokenism' was the plan's 'protective coating'. These issues, according to Guise, contained political and social dangers. The development of the national economy 'without raising the economic level and participation of the masses' would, he contended, create 'uneasiness' and 'tensions' as political development occurred. He concluded with the hope that the plan would be 'radically revised' to allow for 'substantial' indigenous participation (NAA: A1838, 936/14/1 part 3). Hay was disappointed at the reception given to the development plan. He had had 'hopes ... about capturing the imagination of the people', but because the plan was 'hurriedly presented' and complex—'a difficult thing to talk about'—it 'didn't get off to the start that ... was needed' (Hay interview, 1973–4, NLA: TRC 121/65, 4:1/9).

11 Eric Pyne, MHA, Chimbu regional electorate.

12 Norman Evennett, MHA, Esa'ala open electorate.

13 In an undated marginal note, Warwick Smith underlined the first six words of this sentence and asked: 'why give an expatriate member this prominence?'.

14 J.J. Garrett, MHA, Madang regional electorate.

15 See footnote 5.

16 Donatus Mola, MHA, North Bougainville open electorate.

(Lapun, Lus) rationalised their opposition to the motion by saying that there could be no unity until there was a common name for the Territory, and that their Bill (Lapun's) had been rejected. Mr. Meanggarum said he would support the motion and secede from the Party.¹⁷

18. The motion was adopted on voices after receiving strong support from the majority of Members.

Other motions

(A) EDUCATION SUBSIDIES (GARRETT)¹⁸

19. Elected European Members strongly supported the motion. The insertion of the phrase calling for the extension of the subsidy to 'all people', resulted in support from some indigenous elected Members and Pangu. The motion was adopted 49 for 36 against.

(B) WEST IRIAN REFUGEES (SOMARE)¹⁹

20. Chatterton and Middleton both spoke in support of the motion. Criticisms against the Government were directed towards its general handling of the recent situation, and conflicting statements made to defend its actions. The motion was defeated 24 to 56.

Paliau Maloat voted against the motion and not with the remainder of Pangu.

(C) EXTENSION OF TERMS OF REFERENCE—PUBLIC ACCOUNTS COMMITTEE (JOHNSON)²⁰

21. The Government's defence that the U.P.N.G. and the Institute of Higher Technical Education were outside the jurisdiction of the Public Accounts Committee did not receive much sympathy. The general feeling was that the jurisdiction should be broadened.

17 Meanggarum said that there were members of Pangu who 'want to form secessionist states. They have no forgiveness, they have no patience, and they do not believe in give and take ... I support this motion for unity, but unfortunately my party's policy is meaningless and what I want to say now is that I am going to secede from the Pangu Pati' (*House of Assembly debates*, 22 November 1968, NLA: Nq 328.952 PAP, p. 650).

18 Garrett moved that all those who sent their children to Australia receive the same education allowance; it was not fair that public servants should be given a greater subsidy (*This week in the House of Assembly*, DIES, no. 7, 3 December 1968, NAA: A1838, 936/4/11/1).

19 Somare had moved that the House of Assembly 'expresses its sympathy with the plight of West Irianese refugees in the Territory and urges the Administration to treat them with every consideration' (telex 9336, Hay to Warwick Smith, 25 November 1968, NAA: A452, 1968/5508). Already fearful of the possible impact of the West Irian problem on internal politics (see footnote 14, Document 237), the Administration had tried to anticipate interest in the refugee problem by an official statement in the House which highlighted the Commonwealth's commitment to 'internationally recognised principles of humanity' as they related to political refugees and—on Barnes' instructions—Australia's international obligations to the Indonesian administration (see telex 9070, Administration to DOET, 14 December 1968; minute, Besley to Ballard, 18 November 1968; and statement by Watkins, 20 November 1968, NAA: A452, 1968/5508). Thus Territories proved nervous prior to debate on Somare's motion, cabling that 'Should any attempt be made to broaden or amend [the] motion to comment on Indonesian administration or events internal to West Irian, Official Members should attempt to confine consideration to T.P.N.G. by reminding [the] House that [the] Papua and New Guinea Act confines the House's activities to making ordinances for "the peace, order and good government of the Territory" ... The [earlier] resolution on Czechoslovakia [which condemned the Soviet invasion of that country] was an exception but should be denied as a precedent. Further ventures in this field should be strongly resisted as outside the boundaries of the Territory and outside the province of the House' (telex 8525, Warwick Smith to Hay, 25 November, *ibid.*). The motion was defeated after a speech by Somare in which he likened the holding centre at Manus Island to a concentration camp (see *This week in the House*, no. 7, 3 December 1968, NAA: A1838, 936/4/11/1).

20 The motion called for an investigation by the Public Accounts Committee into the efficiency of Government-sourced expenditure by UPNG and the Institute of Higher Technical Education as it pertained to staff and student accommodation (*loc. cit.*).

Chatterton supported the Government on the grounds that political pressures could be brought to bear. Oala Rarua said the House was represented on the University Council. The motion was adopted 55 for and 37 against.

(D) LOCAL GOVERNMENT SERVICE (LUSSICK)²¹

22. Pangu (and Epineri) attacked the motion on the grounds that D.D.A. control of Council Advisors was undesirable, and that the motion did not take this aspect into account. There was little debate and the motion was agreed to on voices.

THE PANGU PARTY

23. Pangu trod more warily at this Meeting. It continued to harass the Government side, but on some occasions sought to co-operate with individual elected Members (Chatterton on the Development Plan), or with the independent group as a whole (Education subsidy, Lussick Bill). Probably the party is trying to shake off the image that it is an all-time loser, and enable some later 'horse-trading' to be done.

24. Mr. Somare is an articulate and impressive leader in the House, and is probably embarrassed by the seemingly uncontrollable outbursts by Mr. Lus.

25. The loss of Mr. Meanggarum probably came as a surprise to few people. Mr. Paliau Maloat, who supported the Development Plan and opposed Mr. Somare's West Irian Refugee motion, is reported to be wavering, but his occasional independent stand need not indicate that he is seriously at variance with Pangu aims and policies.

THE INDEPENDENT GROUP

26. The Independent Group held frequent meetings during the House's sittings. The Government's attitude towards the Lussick Bill, and the firm stand taken by the group on this issue, has perhaps contributed towards their strength, and has directed some of their opposition away from Pangu and toward the Government. Speculation continued that the group might soon form a Party, with Lussick, Watts and Neville providing the leadership, and with financial support from certain business groups in Port Moresby. But no definite moves took place and there was evidence of some difficulty in establishing clear leadership and of some reluctance to move formally to a party status.

THE SPEAKER

27. Mr. Guise occupied the Chair to open each session during the Meeting and then vacated it to the Deputy Speaker. A recent eye operation did not permit Mr. Guise to attend full sessions.

MINISTERIAL AND ASSISTANT MINISTERIAL MEMBERS

28. The confidence and standing of holders of Ministerial Office continued to increase. Tei Abel and M. Toliman continued to make the best impression in the House, especially when speaking 'off the cuff'. But Oala Rarua, Ashton, Giregire, Kapena, Leahy and Diria, were also effective debaters and speakers. Replies to questions which were read verbatim were generally acceptable, but as previously stated prepared speeches were not well received.

²¹ Lussick moved that the Administration consider urgently the establishment a local government service that would standardize pay and working conditions for all council workers (loc. cit.).

29. The briefing sessions and meetings held for Ministerial Members and Assistant Ministerial Members before the House discussed specific issues, have no doubt helped members considerably, and has enabled, on most occasions, the Government to present a common front.²²

[NAA: A452, 1968/3178]

247 LETTER, HAY TO WARWICK SMITH

Port Moresby, 21 December 1968

RESTRICTED

I enclose two copies of a note I made after I visited Rabaul last weekend. The Minister may be interested to read this.

I draw to your attention the comments of Epineri Titimur.

Attachment

IMPRESSIONS OF VISIT TO RABAUL

While in Rabaul I had conversations with the Deputy District Commissioner,¹ Mr. Vin Tobaining, and other members of the Gazelle Peninsula Local Government Council, Mr. Darcy, President of T.A.C.,² Archbishop Hoehne, Mr. J. K. Dowling,³ Mr. Epineri Titimur and one or two others.

Neither the Archbishop nor the D.D.C. was inclined to take the M.I.F. too seriously. They pointed to its small number, to the fact that its leadership tended to be on the lunatic fringe (Simpson and Tomot) and that it had touched the old rather than the young. Some of Simpson's statements had caused the Archbishop to think he was losing his senses (for

22 In an undated note to Ballard on the bottom of the report, Warwick Smith wrote: 'What about (a) study meetings for elected members? (b) seminar in Canberra for official members (c) special efforts to advance the native elected members—the expatriates dominate too much'. The Secretary also asked Ballard for comments on a '2nd Chamber' and 'more committees'. Reflecting more generally on the MM system, Warwick Smith wrote to J.R. Kerr about comments by Kerr that 'the main lesson to be learnt [by MM's] is that all the big decisions tend to be made in Australia' and that the intermediate steps before self-government needed to involve increasing 'political control in the hands of an indigenous political elite rather than in the hands of a bureaucratic white elite'. Warwick Smith remarked: '[your second point] hits a nail on the head—if a definition of a dependent territory is that major decisions are taken outside it then at least in the Australian situation those major decisions are taken by elected Ministers (albeit elected by the Australian electorate); the devolution of political power is from elected people in the Australian Government to elected people in a New Guinea Government. The transitional stage referred to in your [first] reference ... is admittedly difficult. In fact the Ministerial Members are learning quite a few things about administration and politics—perhaps they are learning also that although it is technically true that the big decisions tend to be made in Australia in the great bulk of cases the process is a confirmation or acceptance of Administration views. Those Administration views will increasingly be influenced by the Administrator's Executive Council. None of us I suppose underestimates the problems of bringing New Guinea into the calm waters of independence in a democratic setting. In this respect time is an essential element in the problem and it appears that if the people understand the pre-requisites of stable democratic self-Government or Independence it is much less likely that the country as a whole will wish to rush its political hurdles. Perhaps this is saying the same thing as you do in emphasising the need for a continuous educational programme. We have to think of it in the widest terms' (letter, 1968 (exact date illegible), NAA: NA1983/239, 9/25).

1 J.W. Worcester.

2 Details unknown.

3 Dowling was Director of a number of Rabaul-based companies.

example the establishment of a military academy on the Duke of York Islands). While the number of branches was increasing, the membership was small. A proposal for a rally in Rabaul had been put off because of lack of support.

My discussion with Vin Tobaining revealed a deep-seated sense of frustration with Port Moresby. He spoke of the difficulty of getting decisions, the delays and misunderstandings. He thought that the only solution was for more power to be given to the districts and seemed to be heading for a sort of state system. I mentioned to him our hope that more delegations would be given, for example, to the District Commissioner for consultation with his District Advisory Council.⁴ He appeared to be satisfied with this kind of approach. He then went on to complain of the very small voice which the islands had in the House of Assembly with 13 members out of 94. Against that I argued strongly that the Administrator's Council should not be overlooked because that was the top policy body on which elected members were represented and in this body the island region (and indeed New Britain itself) had two elected members out of 7. It was therefore not true to say that the voice of the islands was not heard in the top Councils in Port Moresby. Tobaining then went on to put forward the argument that Rabaul was highly unseen⁵ the mendicant areas of the rest of the Territory. I contested this strongly, saying that in fact all the Districts got back a good deal more than they put into the central budget. The greater part of the budget still came from Australia. It was the money from the Australian tax payer that allowed the Territory not only to help the poorer areas, but also to put in higher standards of services to areas such as the Gazelle. I sensed a certain misgiving in Tobaining about the M.I.F., but am convinced he is sincere when speaking of the frustrations of himself and other leaders. I also believe that his thinking is moving towards the statehood idea.⁶

During my evening with the Council, Epineri Titimur came up to tell me how impressed he had been with the state set up in Sydney. He thought that the state authorities had been very much more willing to help. He had been particularly impressed by the governor system. He asked me how one would go about appointing a state governor and I explained that it would be necessary to have a recommendation from a Prime Minister to the Queen. He seemed much impressed by this and I gathered too that he was now thinking about the benefits of a state system.

The Archbishop's thesis was that the movement of the M.I.F. was not of great importance and would probably disintegrate in due course. He did appear though, to be impressed with the need for some form of decentralization. He also spoke of the natural economic communication and historical communication between Rabaul and Bougainville. Trade from Bougainville was channelled through the port of Rabaul. Many Bougainvillians had, over the years, migrated to New Britain and had found employment there. Rabaul was the natural commercial centre. He did not go so far as to repeat a remark to him by Peter Hastings, mainly that the islands were a natural political unit. However, his thinking could well be tending that way. I put the case for unity as an essential prerequisite to effective planning in a developing country. He appeared to accept this, or at any rate,

4 District Advisory Councils were non-statutory bodies which provided community representatives the opportunity to give advice to government on district affairs. Councils were chaired by the DC; other members were private citizens appointed by the Administrator (Judy Tudor (ed.), *Pacific Islands yearbook and who's who*, Sydney, 1968, pp. 392–3).

5 A word or words appear to be missing here.

6 In a handwritten note to Barnes on the covering letter, Warwick Smith commented 'I think Tobaining's points support the case for a small Second Chamber'.

did not disagree with it. He agreed with me on the difficulty of keeping together the very many tribal groupings in the Territory and said that type of divisions existed amongst the peoples of New Britain as they did elsewhere. He agreed with me on the necessity of having some more national institutions in the area and said that he hoped the area⁷ of a conjoint teachers training college between the Administration and the Roman Catholics at Vuna Canal would come to fruition ...

The D.D.C.'s view was also to the effect that the M.I.F. did not constitute a serious matter at the present, being confined to a relatively small number of persons. I asked him about the opinion of the younger men, the Rabaul 'elite'. He said that he doubted if they were touched by the movement. There was a means of discussion with them through the Rabaul Discussion Group. However, this had not met very often in recent months.

Mr. Hopper,⁸ whom I met briefly said that he had become more worried about the M.I.F. since I had last spoken to him in Port Moresby in November. He had recently been out to see Nason Tokiala⁹ and found him worried. Unfortunately I did not have the chance to pursue the matter.

Mr. Darcy pressed strongly for the development of urban local government in Rabaul.

Mr. Dowling said he hoped the Administration would select Papuans and New Guineans from the more distant Districts for membership of boards and committees which dealt with Territory wide matters. I asked him to let me have some suitable names. None except that of Henry ToRobert¹⁰ occurred to him readily and ToRobert is already on the University Council.

[NAA: A452, 1968/5429]

248 PAPER BY GALVIN

Canberra, undated

CONFIDENTIAL

Visit of Brigadier General Sarwo Edhie to T.P.N.G.¹

Brigadier-General Sarwo Edhie, Indonesian Military Commander of West Irian visited the Territory of Papua and New Guinea from Monday 9th December 1968 to Saturday 14th December 1968. He was accompanied by a party of ten officials (including three air crew).

Considering the short notice available to the Administration; the recent press and House of Assembly interest in West Irian and West Irianese refugees in T.P.N.G.,² the reports

⁷ Presumably, this should read 'idea'.

⁸ A.A. Hopper, President, Rabaul Chamber of Commerce.

⁹ Treasurer, MIF, and member, PNG Copra Industry Stabilization Board.

¹⁰ Economic Research Officer, Port Moresby branch, Reserve Bank of Australia.

¹ For background, see Document 244.

² See footnote 19, Document 246.

from Djakarta indicating that the purpose of the visit was to discuss border control,³ and the size of the party: the visit ran smoothly and was successful in conveying a picture of developments in T.P.N.G.

[*matter omitted*]⁴

3. *Sarwo Edhie*

Peter Hastings (his letter to Minister for E.A. on 13-8-68) said 'He is supposed to be clear thinking, progressive and clean handed. I, in fact, found him rather vain, a trifle arrogant and somewhat repressive. However he is nobody's fool'.⁵ My impression is that he is probably all of these things. During the visit he showed many characteristics. He delighted in having his photograph taken and in the formal occasion e.g. military dinner, ceremonial parade where he was placed at centre stage and would perform much more than adequately as the tough, upright, fighting soldier leader of men { . Y } et simple courtesies pleased him (a cup of local coffee spontaneously made by an Australian volunteer serving as a local government clerk in Asaro) and simple uneducated leadership and hard work impressed him (John {A} kanai, New Guinea Local Government Councillor, entrepreneur and coffee grower, who marched him back and forth throughout his coffee plantation at Goroka). His vanity (pride) was hurt by some slight discourtesies—yet he understood clearly when small things have⁶ gone wrong (e.g. the usual plane delays and accommodation difficulties) through no real fault of anyone. He thought Somare a rather overbearing young man who should know more about a subject before being critical of those who at least know something of it.⁷ He considered Voutas an interesting if odd young man who really only wanted to practise his Indonesian.⁸ He showed considerable warmth towards Hunter but could not make up his mind about Hay.

The teachers college and its students made a marked impression as did the dedicated Australian and Dutch (!) agricultural officer at the Papuan Livestock Station. He drank little, rarely smoked and at social gatherings did his duty well (if a little studied). Publicly, his comments and remarks were strictly in accordance with his brief. In private discussion with Europeans and indigenes who asked frank and sometimes awkward questions he gave an impression of honesty and frankness which was often disarmingly charming.

In general, he left, I would assess, a particularly good impression as a leader, with a difficult task which he intended to carry out justly and with honesty. To those whose only knowledge of Indonesians and their activities in West Irian has been drawn from the press, his visit has doubtless caused some to question a little more what they may hear on the radio or read in the press.

4. *Attitudes of Territory people*

It is difficult to assess the views of the people of the Territory to the visit. It was widely reported by press and radio. At least one newspaper (South Pacific Post) ran an

3 Edhie was reported by Indonesia's official newsagency, Antara, as saying he 'planned to hold a meeting with the military commander of the Australian-administered Papua New Guinea to discuss ways of stopping rebels from fleeing out of West Irian into the eastern part of the island'. Edhie remarked that 'about 15 people' had gone to PNG, who 'operate there by sending propaganda materials, insignias and nicely-printed leaflets' into Irian (see cablegram 2026, Djakarta to DEA, 22 August 1968, NAA: A1838, 3034/10/1/4 part 2).

4 Matter omitted includes a narrative of Edhie's visits to various centres.

5 See footnote 1, Document 244.

6 Presumably, this should read 'had'.

7 Galvin explained earlier in his report that a reception was held at the District Commissioner's residence at Wewak, attended by Somare, which 'allowed the visitors to meet a further group of indigenous people, to hear their views and to provide information on Indonesia's plans and policies for West Irian'.

8 Voutas accompanied Edhie during his visit to Lae and environs.

editorial commending the visit. Throughout the visit the party was well received. At social functions, attended by a good cross section of European and indigenous people there was considerable interest shown in the group and in Sarwo Edhie himself. There were no difficult exchanges at social functions although at times the questioning about developments in West Irian was frank and searching.

At the outset the Administration's comment was that there would be no particular reaction from the great majority of the people. There seems to have been none.

Amongst the more informed groups (as best one can assess this when so closely allied with the visitors) the attitude generally was one of interest—but generally no surprise that a visit from T.P.N.G's closest neighbour should occur. From Indonesia's point of view, the more informed groups in the centres visited will now be better informed of Indonesia's policies towards West Irian and, possibly, a little more sympathetic.

If the reception given to Sarwo Edhie at the Goroka Teacher's College is any guide the younger educated people of the Territory welcomed his presence. The students were overwhelmingly friendly, this was infectious, and the visit to the college was a considerable success from any viewpoint.

5. *Anti-Indonesian criticism*

Reports of Sarwo Edhie's arrival in the Territory and his press conference drew a public response from Benedictus Sarwom (West Irianese Permissive Resident in Port Moresby).⁹ At first Sarwo Edhie was inclined to issue a press statement but after consideration he agreed that the better course was to ignore Sarwom and his statement.

Interestingly, although Sarwom is employed at the Gateway Hotel he made no attempt to contact the party nor were any public demonstrations held in Port Moresby or elsewhere. In Lae, Administration officials believed that a demonstration was likely, and informed the West Irianese concerned that to so demonstrate would not only breach terms of their permissive residence but would also embarrass the Administration and the Australian Government. In the end, no demonstration took place but a petition was received by the District Commissioner and passed to Sarwo Edhie.

In Goroka, a West Irianese, Hendrickus Jokoe, an employee of the Bird of Paradise Motel where the group was staying was directed to other duties on the Motel Owner's plantation for the period of the visit (The owner, Mr. Bob Gibbes, was known to Sarwo Edhie and {Rotty}¹⁰ and had flown Peter Hastings to West Irian earlier in the year)

Jokoe presented an unsigned petition to the District Commissioner. It too was passed to Sarwo Edhie.¹¹

9 The statement, signed by Sarwom and E. Marjen on behalf of the Papuan National Front, noted a remark by Edhie that an 'Act of Free Choice' would occur in Irian in 1969, and stressed that 'If Indonesia is really an honourable nation as General Edhie claims [it] to be then she should honour her international obligations [and] should respect the right of the Papuan people to decide in an atmosphere of freedom their future'. The statement also attacked Indonesia's military presence in Irian and defended the right of Papuans to resist through the Organisasi Papua Merdeka (OPM—a loose term used to describe, inter alia, armed opposition to the Indonesian administration) (telex 754, Hay to Canberra, 11 December 1968, NAA: A1838, 3034/10/1/4 part 3).

10 J. Rotty, Indonesian Ministry of Foreign Affairs representative attached to local government, West Irian.

11 Sudjarwo Tjondronegoro, Malik's Adviser on West Irian affairs, told Loveday that Edhie had been 'embarrassed' by the petitions. Sudjarwo added that he 'could not understand how the Administration could accept such letters from West Irianese settled in towns'; he 'appreciated the removal of West Irianese from the border area but was concerned that there might not be strict enough supervision over town-dwelling West Irianese who were engaged in political activity' (Savingram no. 58 to Canberra, 20 December 1968, NAA: A1838, 3034/10/1/4 part 3).

These were the only clearly anti-Indonesian incidents that occurred during the visit. Although irritated by the Sarwom statement and the two petitions, Sarwo Edhie professed to be able to see them in perspective and not as something about which he should make a major issue. None the less, he expressed to me privately the thought that if we allow the West Irianese too free a {rein} we might be encouraging them to do more than simply write the occasional letter.

Maximum protective security was observed at all hotels during the visit. This police assistance was unobtrusive yet effective. I was impressed with this effort which must have caused a major strain on resources. Sarwo Edhie was also impressed and, perhaps in part as a result, quickly decided to leave his two policemen in Lae during his visit to Goroka.

6. *Some general conclusions*

The visit allowed Sarwo Edhie and his party to see the developments occurring in T.P.N.G. They were impressed particularly in the Highlands, and privately and publicly stated their understanding of the major efforts being made by Australia and Australians in the Territory. Although there was little anti-Indonesian sentiment expressed, Sarwo Edhie, {Rot}ty and Supomo¹² took on board our sensitivity to the views of indigenous leaders and the House of Assembly. They noted the presence of indigenous elected leaders at social functions and the place they hold in the overall Territory machinery of Government and in the forming of Territory public opinion.

The value of a reciprocal visit to West Irian was mentioned privately on a number of occasions by Sarwo Edhie—not only as a means of inter-Territorial co-operation, but also to improve understanding amongst elected Papuans and New Guineans of Indonesia's policies. Two indigenous people he had in mind to visit West Irian were John Akanai, whose example would be useful in getting West Irianese to develop their land, and Michael Somare, who 'needs to have his eyes opened'.

Of the other visitors, only four seemed to be of any significance. Amos Indey¹³ as a West Irian indigene was used a little as a gimmick and although he must have realised this he seemed to recognise realistically that his country's only chance was to remain with Indonesia and that he had a part to play in its development. Rotty, a charming, articulate, English speaking foreign service officer, was both interpreter and political adviser to Sarwo Edhie, and of great assistance to the writer of this report throughout the visit. Colonel Sa{nt}oso¹⁴ wrote many pages of notes presumably to prepare a {J.I.C.} type report on the Territory's development. Colonel Supomo (Indonesian Embassy, Canberra) was the only other visitor of any significance. He will doubtless now consider himself the New Guinea expert at the Embassy.¹⁵

[NAA: A452, 1968/4602]

12 Col. Imam Supomo, Military Attache, Indonesian Embassy, Canberra.

13 Deputy Governor of West Irian.

14 Col. Loekito Santoso, Provincial Security Officer, West Irian.

15 The Australian Military Attache in Djakarta, Colonel D.G. Sharp, later spoke to Edhie about his trip and recorded the latter's comments, including that he 'was impressed by the security arrangements'; 'He was impressed by the standard of training and the manner and bearing of the Pacific Islands Regiment soldiers...[and] by the high standard of Army barracks at Moresby and Wewak'; 'He was interested in the way the Administration is, to use his own words, "training people to accept the system of administration"' (the system being a 'good one'); 'In general the party was well looked after everywhere'; and the 'highlight of the visit was his friendly discussion with Brigadier Ian Hunter', who was Commandant of the Staff College during 1964 when Edhie had attended as a student. With regard to the press, Edhie said they were 'friendly and gave him no trouble'; he 'remarked that he knows how to handle Australian Pressmen after his period in Australia'. He said he 'sidestepped their questions about border-crossing' because of the agreement reached between Australia and Indonesia prior to the visit. Sharp commented that he 'seemed very pleased with himself over his handling of the Press in this regard' (memorandum, Djakarta (Loveday) to DEA, 3 January 1969, *ibid.*)

249 MINUTE, CORKERY¹ TO SHANN

Canberra, 1 January 1969

Trading arrangements: Australia – Papua & New Guinea

The proposal in the draft Cabinet submission² is that consistent with the protective needs of Australian industry, we should extend preferential treatment to imports from Papua and New Guinea. The tariff [is] to be used as the method of granting the preference. Access to the Australian market for Papua and New Guinea would be more advantageous than that granted under the L.D.C. preference scheme.³

2. As we already have a non-reciprocal regime of this kind for primary products, the proposal would apply to future exports of manufactured or processed goods. On the face of it—and probably in substance—the proposal is sensible and reasonable and I do not imagine that we would wish to resist it. There are a few observations to be offered.

3. The submission and the record of conversation between McEwen and Mr Barnes⁴ takes it as given that the according of preferential treatment is a good and desirable thing. While this is true for immediate trading and investment objectives, a preferential arrangement of this kind involves a special relationship and dependence and we should be aware of the problems which eventually come when the preferential arrangement has to be dismantled. I believe that the potential loss of the preferential relationship with the U.K. involved in that country's application to join the E.E.C. had deep implications and consequences for Australia's attitude towards Britain. We should be mindful of the possible effects on our relationships with Papua and New Guinea after independence and when for one reason or another we may not want or be able to continue preferential treatment. Finally there is a very reasonable economic argument that the recipient of preference is disadvantaged by the preference. Briefly this is that producers adjust their costs to the margin of the preference and finally reach a point in many cases where they cannot do without the preference; preferential industries are often high cost ones.

4. Of more practical importance and this is not touched on in the submission, is the possible consequences of the introduction of such a regime on our relationship with third countries. On page 4 it is stated that the proposal raises two issues:

- (a) protection for Australian interests; and
- (b) international commitments.

A (c) should be added dealing with relations with third countries.

5. It may be that developing countries will readily agree that Papua and New Guinea should have preferential access over them. In practice such access will probably be limited to a few items but some L.D.C.'s may bogle at the principle. Moreover, there are grounds for believing that the U.S. may have reservations or objections—particularly at a time when moves are a-foot for a generalised preference scheme. You may recall that the

1 Laurence Corkery, Acting Assistant Secretary, Economic Relations Branch, DEA.

2 Final is Document 251.

3 On 19 May 1965, McEwen indicated to Parliament that Australia had 'decided to accept new provisions of the G.A.T.T. designed to aid the trade of less-developed countries, subject to a reservation which will fully preserve our right to continue our own policies of using the tariff to assist Australian development' (J.G. Crawford, *Australian trade policy, 1942–1966*, Canberra, 1968, p. 192).

4 Not found.

granting of the original waiver for preferential treatment for primary products of Papua and New Guinea had to be closely negotiated in GATT with the U.S.

6. The submission envisages export control from the territory of Papua and New Guinea, and states that 'such a safe-guard should be fully effective'. This is no doubt true of present conditions but time has the habit of passing. It is not unreasonable to assume that at some point on the way to independence the Territory will become responsible for its own external trade policies and practices. We could have a problem from that time on about the limitation of exports.

7. In the record of conversation between Ministers it is recorded that: 'Mr McEwen envisaged a four-tier structure of trading partners,

- General tariff countries
- British preferential tariff countries
- L.D.C.'s
- Papua and New Guinea (better treatment than other L.D.C.'s where practicable)'.

I only wish to draw this to your attention and to remark that we have moved a long way from our traditional post-war policy of gradual movement towards a single column tariff with diminishing exceptions.

8. I feel our comment to Territories should seek a recognition that we could have problems with third countries about the proposal. Moreover, I feel the recommendation is far too open ended and would justify all kinds of measures that could land us in trouble internationally and in our relations with third countries. Could we discuss please.⁵

[NAA: A1838, 936/14/2 part 2]

250 MEMORANDUM, ADMINISTRATION (HENDERSON) TO DOET

Port Moresby, 4 January 1969

National unity and secessionist movements

Reference your memorandum 'National Unity' of November 19th 1968, with attachments,¹ and your telex 8440 of 21st November 1968.²

2. The official attitude being developed here is in line with the Minister's view that overt Administration condemnation of secessionist movements is to be avoided, but indigenous attention needs to be consistently and objectively directed to some of the salient practical problems that would result from political fragmentation.

5 In a marginal note of 2 January, Shann instructed Corkery to inform Territories that DEA 'do not raise objections to [the] submission at this stage', but that it would be writing later to Territories 'about some of our longer-term reservations'. He also asked Corkery to contact the Department of Trade for a view before phoning Territories.

1 Document 242.

2 See footnote 8, Document 246. The telex also implied doubt as to the Administration's handling of the Lapun bill in the House and it quoted portions of Document 242 (NAA: A452, 1968/5013).

3. In general terms, and having regard to the existing facts of tribal parochialism and prevailing indigenous ignorance of the economics of public Administration, the current little rash of secessionist movements—thus far confined to the island districts—can be assessed as one of the inevitable side-effects of the rather untidy process of rapid political evolution. There may be positive advantages in the fact that these symptoms of growing pains are occurring rather early in the life of the second House of Assembly. With careful handling it is hoped that these movements will have played themselves out before the next elections are due.

4. Informal talks by senior officials with leading Tolai members of the 'Melanesian Independence Front' have disclosed that indigenous thinking on the implications of secession is ill-informed and woolly, with few signs of emotional commitment. (It should be noted, however, that Mr. Melchior Tomot, who is relatively well educated and the most articulate of the Tolai M.I.F. leaders, has a very definite emotional involvement. He also has a background history of mental instability and must be regarded as an incipient psychotic.) Similarly casual discussions with other Tolai leaders not known to be actively involved with the M.I.F. indicate that the movement has not as yet any broad base of Tolai support and is being regarded rather warily by the Tolai community generally. Mr. Oscar Tammur, M.H.A., has expressed the view that Mr. S. Simpson, the Executive Officer of the Movement, is mainly interested in making the Rabaul area a pressure point to further his personal business interests, and that he has misled some of the old Tolai conservatives who were defeated in the last elections.

5. In talking to Tolai leaders Administration officials have not expressed any Government opposition to the principle of secession, but have endeavoured to promote consideration of its economic and financial implications. It appears that the elementary point that sharp increases in the overhead costs of Government must result if the 2.25 million people of the Territory establish a series of small separate States has not been put before the secessionists by any of their leaders. From these informal talks officials have also gained a general impression that:—

(a) The major task is still one of fundamental political education. Implicit in this is the need for 'getting across' the idea that collectively all the tribal groups of the Territory would constitute only a small country with limited resources, and that while they may not necessarily like each other, they are inextricably dependent upon each other. The analogy of the abortive secessionist move made by Western Australia in 1931 has been found useful.

(b) Most impact is made by gently posing the economic and financial problems involved in secession, including the cost of providing a spread of basic Government services that will meet indigenous needs.

(c) Emotional appeals for national unity by the Administration are not desirable. In this connection the observation in paragraph 2 of your memorandum under reference, that the adoption of too strong a position in support of national unity could be counter productive, is considered to be valid.

6. It is considered that the current movements on New Britain and New Ireland are not at present matters for major concern, but that care will need to be taken to avoid them developing an emotional content. The situation on Bougainville, which has its seeds in local factors going back many years, already exhibits some emotionalism and will be more difficult to handle. As you are aware, it is intended to pay some special attention to the Bougainville district within the next few weeks.³

[NAA: A452, 1971/2197]

3 See footnote 16, Document 243.

251 SUBMISSION NO. 449, BARNES TO CABINET

Canberra, 15 January 1969

CONFIDENTIAL

Trading arrangements—Australia and Papua and New Guinea

1. The purpose of this submission is to put before Ministers the case for further extending the long-established policy of providing favourable access to the Australian market for Papuan and New Guinean products.
2. Such an extension would aim to assist the growth of Territory industry, especially secondary industry. It would be in accordance with the view taken by Ministers in 1966 (Decision No. 138, 29/3/66)¹ when Cabinet expressed willingness and desire to continue to assist the Territory's development and felt that, whatever the political status of Papua and New Guinea might be in the future, there would be a trade and defence relationship as a matter of mutual self-interest.
3. Extension of the policy would also be consistent with the recommendations of the World Bank Mission in 1964. In its report, the Mission observed:—

‘It is clear that the economic growth of the Territory would be benefited by the liberalisation of entry of Territorial products into Australia ...² Policies which would permit the expansion of the market in Australia for products of the Territory could, over the years, indirectly decrease the volume of direct assistance from Australia, and the Mission urges sympathetic consideration by the Commonwealth Government for the adoption of such policies’.
4. The Interdepartmental Committee on Papua and New Guinea Trade Policies, set up by Cabinet Decision No. 1142 on 29th November, 1960,³ was reconvened to examine the question of access for Papua and New Guinea products to the Australian market. There was a consensus on the committee that aid by trade could provide significant assistance to the Territory in accelerating balanced economic development. The committee considered how far it would be practical to go by way of assisting the Territory in this matter and suggested that the Department of External Territories jointly with the Department of Trade and Industry explore appropriate measures. The present submission arises from discussions between the Departments and from my own discussions with the Minister for Trade and Industry. I have concluded that in the first instance Cabinet's agreement to the principle put forward should be sought.
5. A brief summary of special assistance already accorded to products of Papua and New Guinea is set out on an attachment.⁴
6. Extension of the policy of providing special access to the Australian market for Papua and New Guinea products could do much to encourage private investment and bring new industries to the Territory; imports could be allowed in duty-free, under tariff quotas where appropriate, for amounts which would not damage Australian industry. It would have greatest

1 Document 34.

2 Ellipsis in the original.

3 Not printed.

4 Not printed.

application in the field of manufactures, most primary products of Papua and New Guinea already being admissible duty-free. Its particular advantage for the Territory would be in facilitating establishment of some industries much earlier than would otherwise be feasible.

7. The proportion of the Territory's population involved in the cash economy is increasing. Substantial education programmes are under way and accelerated industrial growth in the Territory is essential in order to provide employment and business opportunities for increasing numbers of school leavers.

8. New industries are also needed in order to advance the Territory towards economic viability

- by reducing the burden of manufactured imports in the balance of payments; and
- by developing a more diversified economy with less dependence upon a restricted range of primary exports.

9. A bill to set up a Tariff Advisory Committee was introduced into the Territory House of Assembly at its last session. The Committee would replace existing ad hoc arrangements and would tender advice on tariffs (including anticipatory protection) and other measures for the purpose of promoting the growth of efficient Territory industries. A Pioneer Industries Scheme is already operating. Such measures, however, can only have limited effect in overcoming the major obstacles to the development of manufacturing industry in the Territory which are the small size and fragmented nature of the market. Over the last few years several promising proposals for the development of new industries have failed to make headway principally because the size of the local market was considered insufficient to justify an investment. In some of these cases industrialists indicated that duty-free access to the Australian market for a share of their production could make the project worthwhile.

10. For Australia, this proposal raises two issues:—

- (a) protection for Australian industry; and
- (b) international commitments.

11. Adoption of a general principle of providing duty-free, or special preferential, access for Papua and New Guinea products could raise the problem of protecting Australia's own industries. Almost all existing Papua and New Guinea goods, including some also produced in Australia, are at present admitted duty-free without causing damage to Australian producers; the only significant import on which duty is levied is plywood in excess of the duty-free quota of 16m sq.ft. In considering extension of duty-free access to new items, the Government may wish to obtain the Tariff Board's view when major propositions are involved. In most cases it may be sufficient for the examination to be made by the Department of Trade and Industry as in the case of the L.D.C. preference scheme.⁵ Safeguards for Australian industry could be determined and the Administration of Papua and New Guinea could ensure that exports to Australia would not exceed the levels set. Such a safeguard should be fully effective judging by experience with the Japanese Trade Agreement,⁶ the N.Z.A.F.T.A.,⁷ and the L.D.C. preferences scheme.

⁵ See footnote 3, Document 249.

⁶ The Australia–Japan Agreement on Commerce of 1957 accorded most-favoured-nation treatment in tariffs and provided reciprocal assurances of non-discriminatory treatment in import and exchange controls.

⁷ The New Zealand–Australia Free Trade Agreement of 1965 was described by John McEwen as following guidelines defined by the GATT; trade between the two countries was to be substantially free, but some items were allowed protection (Crawford, *Australian Trade Policy*, p. 419).

12. So far as Australia's international commitments are concerned, existing GATT waivers cover most Territory primary products and products processed therefrom. For some items, it may be possible to assist Papua and New Guinea by making use of the L.D.C. preference waiver. Extension of the waivers to cover other products of secondary industries would, however, require specific approval of the GATT, which could be difficult to obtain.

13. RECOMMENDATION

It is recommended—

that Cabinet endorse a policy that in furtherance of Australia's responsibilities to develop the economy of the Territory of Papua and New Guinea, every effort be made to supplement Australia's existing financial aid by seeking to assist the development of Territory exports to Australia by the most comprehensive measures which are available, consistent with Australia's international commitments and the need to maintain protection to Australia's own industries.⁸

[NAA: A5868, 449]

252 SAVINGRAM TO ALL POSTS

Canberra, 15 January 1969

0.3295 RESTRICTED

United Nations debates on Papua and New Guinea

In All Posts Savingram 82 of 25th August, 1968,¹ we sought the assistance of our Missions in making representations about recent United Nations General Assembly resolutions on Papua and New Guinea. As an outcome of a number of contributing factors, including representations made in a number of overseas capitals and lobbying by our Mission and Delegation in New York, the debate and voting on Papua and New Guinea at the most recent session of the Assembly saw a favourable shift in attitudes towards, and understanding of, the Australian position; and it may now be appropriate to express our appreciation to some governments for their direct or tacit support. An account and analysis of the debate on² the voting is given below for posts to use as guidance in determining whether and how to express appreciation.

2. At its preceding regular sessions in 1966 and 1967 the Assembly adopted resolutions on Papua and New Guinea which were based on doctrinaire and emotional views about colonialism, and which made false assumptions about conditions in the Territory.³ The

8 Cabinet approved the recommendation on 11 February. Cabinet also noted that assistance of the type outlined was already being provided on some products—and McEwen 'assured the Cabinet that the administration of this trade policy would continue to have careful regard to interests of Australian industry and to ensuring that any industries in the Territory which are likely to expand on the basis of the assistance fully understand this position'. It was left to McEwen's discretion 'to report to the Prime Minister any potentially awkward case arising under this policy' (NAA: A5868, 449).

1 Not printed.

2 This word should apparently read 'and'.

3 See editorial note 'The United Nations resolution on PNG, 1966' and Document 153.

resolutions were completely unacceptable to us because, *inter alia*, of their implications of bad motives, their unrealistic demands, and their failure to pay any heed to the known interests and wishes of the indigenous inhabitants. This year a number of developments—the three-yearly United Nations Visiting Mission to New Guinea, the second general elections and introduction of a limited ministerial system, and announcement of the \$1,000 million five-year development programme⁴—together with what may be growing appreciation of the differences between Pacific dependencies and former colonies in other regions, created conditions for a new examination by the world body of Australia's administration of the Territory. These factors were assisted by the failure, for primarily administrative reasons, of the Committee of Twenty-four to engage in a lengthy debate or to adopt a mischievous report about the Territory this year; and by the decision of the Chairman of the Fourth Committee to lump ten items, including the question of Papua and New Guinea, into a general debate rather than take each one in order at the most recent Assembly meeting.

3. The outcome was that in the general debate few references were made to Papua and New Guinea. In addition to our own representative, those of Liberia and France (both of whom provided members of the 1968 Visiting Mission) and the United Kingdom, New Zealand, the United States, Turkey, Greece, Canada and Malaysia spoke favourably about our administration, while criticism was mostly confined to portions of more general statements on decolonisation issues. At the same time a number of representatives, notably those of Greece, were active in the lobbies advocating a more reasonable attitude towards our policies and administration. In the Afro-Asian caucus and its drafting group, a number of African and Asian countries (especially Liberia, but also Ghana, India, Madagascar and Ethiopia) appear to have worked for a shift from previous resolutions to a more realistic and accommodating draft on Papua and New Guinea, the result of which was an open break in Afro-Asian unity when two separate drafts were tabled and adopted, by simple majorities, in the Fourth Committee. (The full text of both are set out as annexes.)⁵ Unfortunately the end result was the adoption in plenary of the resolution which we opposed; and failure of the second resolution, which we supported, to muster a two-thirds majority. The result, nevertheless, represented a marked improvement in our position and has given cause for optimism that continued concerted approaches could lead to a further shift in attitudes and voting at the next Assembly meeting later this year.

4. The resolution adopted was originally sponsored by five Arab states—Sudan, U.A.R., Morocco, Tunisia, and Somalia—after arguments and differences within the Afro-Asian group. It was later co-sponsored by 21 other African and Arab States—Zambia, Mali, Syria, Burundi, Yemen, Sierra Leone, Congo (Brazzaville), Guinea, Uganda, Cameroon, Chad, Niger, Dahomey, Tanzania, Southern Yemen, Upper Volta, Rwanda, Saudi Arabia, Kenya, Mauritania, Algeria—but one of these, Sierra Leone, subsequently withdrew its sponsorship. The resolution, referred to in some communications as the 'Afro-Arab' draft:—

- (i) re-affirmed the right of the people of Papua and New Guinea to self-determination and independence;
- (ii) regretted that Australia had not fully implemented Resolution 1514 (XV)⁶ and other resolutions relating to the Territory;

4 See, for example, Document 210 and editorial note 'Changes to the Papua New Guinea Act'.

5 Not printed.

6 See footnote 7, Document 14.

- (iii) called upon Australia to implement fully Resolution 1514 (XV), and to this end, to,
 - (a) fix an early date for self-determination and independence in accordance with the freely expressed wishes of the people of the Territory, and
 - (b) hold free elections under United Nations supervision on the basis of universal adult suffrage in order to transfer effective power to the representatives of the people of the Territory; and
 - (iv) requested Australia to report in this regard to the Trusteeship Council and the Committee of Twenty-four, who are to report thereon to the next session of the General Assembly.
5. While we opposed the resolution as a whole, and took particular exception to disregard of the known inhabitants' wishes in regard to the timing of self-determination and independence, and to the call for new elections 'under United Nations supervision', it does not
- (i) re-affirm Resolutions 2227 (XXI)⁷ and 2348 (XXII),⁸ thus breaking from the pre-existing framework of reproof;
 - (ii) make implications of discriminatory practices, condoned or otherwise; and
 - (iii) make any reference to military activities.

Apart from the injection of the call for free elections 'under United Nations supervision' (the phrase in quotes being the result of a last minute tactical compromise between moderates and Arabs in the Afro-Asian caucus) the new resolution is consequently more moderate and less objectionable than the two preceding resolutions about the Territory—a fact which was noted and strongly criticised by the Soviet Union spokesmen in the Fourth Committee. It was however more radical than the second draft, and attracted wide support from the African, Asian and Latin American members—some of whom also voted in favour of the second resolution—as well as communist states. There was nevertheless a noticeable decrease in support for the resolution compared with 1967 (i.e., thirteen fewer affirmative votes than for Resolution 2348 despite three new African members) especially amongst Asian states, and an increase of three in negative votes despite the more moderate tone.

6. In the Fourth Committee the Afro-Arab draft was approved by 65 in favour, 14 against and 17 abstentions. Two days later it was adopted in plenary by 72–19–24 with 10 absent ...
[*matter omitted*]

7. The second draft was sponsored by Liberia despite pressure from other African and Arab states for its withdrawal. The Liberian representative was Mr Fahnwulu Caine, Director of International Organisation Affairs, State Department, Liberia, who had been a member of the 1968 Visiting Mission to New Guinea, who stood by the reports and recommendations of the Mission and the following Trusteeship Council meeting, and sought to present a resolution which would help the people of Papua and New Guinea and reflect fairly on Australian efforts. This draft, if it had been adopted, would have:

- (i) re-affirmed the inalienable right of the people of Papua and New Guinea to self-determination and independence;
- (ii) noted the report of the Trusteeship Council for 1967/68, and the recommendations of the 1968 Visiting Mission to New Guinea;

7 See editorial note 'The United Nations resolution on PNG, 1966'.

8 See footnote 2, Document 153.

- (iii) called on Australia to take steps to transfer effective executive and legislative powers to the elected representatives of the people;
- (iv) requested that Australia accelerate indigenization of the Public Service and give local people greater administrative responsibility in the government structure; and
- (v) proposed that the United Nations give all help to the people of Papua and New Guinea freely to decide their own future.

8. The draft was supported by Australia (although we would have abstained in a separate vote on (iii) above) but was opposed by the Arab bloc (except Tunisia), the Communists (except Yugoslavia) and some other states possibly acting out of adherence to radical decolonisation attitudes rather than with regard to reality. The voting was 61 in favour, 37 against, 17 abstentions and 10 absent, after a vote of 41–37–17 in the Fourth Committee. A shift of five states from opposition to support would have given the draft the two-thirds majority required for adoption of resolutions concerning operation of the trusteeship system.

[*matter omitted*]

[NAA: A1838, 936/3/19 part 1]

Reaction in PNG to the United Nations resolution of 1968

On 14 March 1969, the House of Assembly passed a motion sponsored by Ebia Olewale, MHA for South Fly open, which 'noted' the resolution passed by the General Assembly on 18 December 1968 and also the 'more realistic resolution sponsored by Liberia'.¹ Olewale's motion declared to the UN and 'interested parties' that the members of the House were 'already elected in free elections on the basis of universal adult suffrage and that the resolution passed by the UN was thus already out-of-date'. The motion also reaffirmed a House resolution of 1964 which conveyed to Australia and the UN the 'expressed wish of the people that they, the people, and they alone, be allowed to decide when the time is ripe for self-government in Papua and New Guinea, and the form that such government will take and the people's further firm conviction that the road to self-government can be best traveled with one guide—and that one guide the Administering Authority, and that undue pressure from without can only lead to that disruption, chaos and bloodshed which the people have observed with great alarm in certain newly independent countries'.

Considerable debated ensued among Australian officials as to the best means, tactically speaking, of communicating the House's views to the UN. While wanting the wishes of the House to be given maximum impact, there was concern that the exercise might appear contrived.² Eventually, it was decided that the 'correct constitutional position should be maintained'—the resolution would pass to the Australian Government and from there to the presidents of the Trusteeship Council and General Assembly.³ The rationale was subsequently explained to the Australian mission in New York:

We are not endeavouring to suppress or restrict the right of petition given a trust territory. In fact our interest in this case has been related primarily to the manner by which we could ensure that the resolution reached the Trusteeship Council and General Assembly as specifically mentioned in it ... What we want to do is to establish insofar as we can a desirable procedure in a case of this particular kind as a precedent for similar cases in future (for example resolutions relating to West Irian). It is not our intention however to establish any inflexible posture with regard to them.⁴

1 Cablegram UN390, DEA to UNNY, 7 May 1969, NAA: A1838, 936/4/11 part 2. (For context, see Document 252.) Olewale's motion came on the heels of a motion by Lussick, which declared 'that this House [1] rejects, as an unwarranted insult to its Members, the Administration and the people of this Territory, the resolution passed by the United Nations General Assembly calling for elections under United Nations supervision: [2] considers that the resolution is utterly unjustified by the facts and could tend to undermine our confidence in the professed good intentions of the United Nations Organization towards this Territory and [3] commends the stand taken by the Liberian Government whose delegate stood firmly by what he knew, from personal observation, to be the facts'. Lussick's motion was adopted unanimously (savingram 17, DEA to UNNY, 11 March 1969, *ibid.*). Barnes, for his part, had condemned the UN resolution as 'an affront to the [PNG] people themselves as well as to the [Australian] Government' (press statement by Barnes, 19 December 1968, NAA: A1838, 936/3/5).

2 See, for example, minute, G.J.L. Coles (Political Affairs Section, UN Branch, DEA) to Petherbridge and Booker, 29 April 1969; cablegram UN637, UNNY to Canberra, 17 May 1969; cablegram UN680, UNNY to Canberra, 29 May 1969, NAA: A1838, 936/4/11 part 2.

3 Cablegram 462, DEA to UNNY, 25 May 1969, NAA: A6366, UN1969/05T.

4 Cablegram 483, DEA to UNNY, 30 May 1969, *ibid.*

253 LETTER, WARWICK SMITH TO HAY

Canberra, 28 January 1969

I refer to your message 9492 of 29th November in which you reply to my message of 26th November suggesting that Official Members might visit Canberra during February for discussions with the Minister and Commonwealth Departments.¹ I regret that I sent such a brief message about the proposal for a Seminar but I was concerned to ensure that my message arrived before the House of Assembly rose so that the date of the next meeting could be set, taking into account the possibility of visits of Official Members to Canberra during February. I now know that the next meeting of the House of Assembly will be on 3rd March.

I attach a tentative draft of the kind of programme that was in mind.² The purpose of the suggested Seminar is to provide material for Official Members to think about and to enlarge their knowledge of procedure and practices in both Houses of Parliament which may be applicable in Papua and New Guinea. It is also felt that Official Members as an arm of the Commonwealth Government should be fully briefed on the thinking in the Commonwealth Government and at the same time should have the opportunity of explaining to those responsible for policy in Canberra the difficulties that they face in the House of Assembly.

The Minister has seen your message of 29th November. He takes the view that there is little point in arranging a Seminar with this sort of purpose if the people concerned were to take part in it in a resentful or unwilling frame of mind. He therefore will leave it to you whether all or any of the Official Members should come to Canberra during February for this purpose or whether other arrangements ought to be considered.

The particular points of concern which the Minister has relate not so much to the exposition by Official Members of Government policy as to procedures in the House of Assembly.

Firstly, he is concerned that legislation or amendments should not pass the House of Assembly without following normal Parliamentary procedures designed to ensure that Members understand the legislation and give it deliberate consideration. These procedures were not, of course, followed when the amendments were moved to the Lussick Bill. The Minister appreciates that this might not have been an appropriate occasion for Official Members to have taken this point up but he wishes Official Members to follow the full procedures in non contentious matters so that they can also be insisted upon on contentious matters. He feels that if this practice is adopted with Administration business it should be practicable to ensure that the House follows these procedures with Private Members' Bills and Motions.

Secondly, the Minister is concerned at the frequent suspension of Standing Orders in circumstances in which he believes this would not be sought or given in Parliament. In a unicameral legislature he regards it as particularly important that Standing Orders should not be suspended to ensure a speedier passage of legislation or motions.

In your message you mention the danger of an atmosphere of confrontation growing up between the Elected and Official Members. The Minister feels that this turns to some extent upon the attitudes Official Members take themselves. He considers that they should take

1 See editorial note 'Tensions in the House: the Chatterton and Lussick bills'.

2 Not printed.

a dispassionate view of the Government policy they are asked to present and refuse to participate in an emotional climate. He would want them to put a case as effectively and objectively as possible and to handle tactical situations as well as practicable on this basis.

The Minister does not, however, regard it as any reflection on the Official Members if they are outvoted. This is bound to happen in a legislature with the composition of the House of Assembly and the check of reservation is provided so that the Government may make its own decision on a Bill that has been passed against the Government policy explained in the House of Assembly by Official Members.

The explanation by Official Members should in the Minister's opinion include the arguments which in the event of subsequent disallowance would be stated in the Australian Parliament and elsewhere as the reasons for disallowance. The constitutional check of disallowance or withholding of assent and the various alternative courses open to the Commonwealth after reservation should reduce to very rare occasions the necessity for Official Members to attempt to negotiate with Elected Members in the House of Assembly on important matters of policy.

[NAA: A452, 1968/5901]

254 NOTES OF DISCUSSION BETWEEN BARNES, HAY AND WARWICK SMITH¹

Canberra, 28 January 1969

1. The Administrator said that the general political situation was satisfactory. He thought the secession movement in New Britain was not at this stage at any rate to be taken too seriously but in Bougainville was a real matter for concern. He was very impressed with the economic importance of the C.R.A. Bougainville Copper project to the Territory economy as a whole and its relationship to the question of future Australian aid to the Territory. He did not know what to suggest at the present time but he regarded the retention of Bougainville as part of the Territory as a major objective from Australia's point of view.

[*matter omitted*]

4. In relation to the working of the Ministerial Member system the Administrator in reply to the Minister said that the system was working as a whole perhaps better than might have been expected. However Ministerial Members showed some tendency to resile publicly from positions they adopted in the Council. He was looking for means of ensuring that they assumed public responsibility for decisions taken. One step he said that he might take was to get formal advice from the Council in relation to this year's draft Budget. (It is clear from the way the Administrator talks that in his view 'internal self-Government' is a state of affairs where Ministerial Members or Ministers are responsible for policy without the control or surveillance of the Administrator or the Minister. He was unable in a short discussion to see my point that you can't be responsible for policy unless you are also responsible for raising and spending the money concerned. Moreover in this connection he spoke about enlarging the responsibilities of Ministerial Members in such a way that I have serious doubts whether he understands the degree of responsibility that

¹ The notes were written by Warwick Smith.

was intended to be discharged by Ministerial Members under the existing arrangements. In fact when he talks about 'internal self-Government' he seems to me almost to be describing the situation which we had envisaged applying under the present constitutional arrangements. He agrees for example that Ministerial Members have so far not initiated any policy and he seemed to think—until I pointed the contrary out to him—that it was not part of the present arrangements for them to do so. We will need to send a short paper to Port Moresby on the role and function of Ministerial Members from this point of view.)²

5. In relation to the role of Official Members the Minister handed Mr. Hay a letter in reply to Mr. Hay's earlier letter to the Minister.³ The Minister also mentioned that he thought there might be advantages in a situation in which the Official Members had no vote. I said that I supported this idea though it was necessary to remember that from the outside point of view the Administration still controlled the votes of Ministerial Members and Assistant Ministerial Members. Mr. Hay said he would look at the question.

6. We had a brief discussion on the virtues of a second Chamber. The Minister said a House of Review should *not* contain Ministers or people responsible for executive action. He saw some merit in a second Chamber because of the volatile character of the House of Assembly and the importance of due accord and deliberation in legislation. The Minister thought that the regional electorates provided a ready made basis for a second Chamber. I suggested that such a Chamber would be best constituted by indirect election. The Administrator did not express any opposition to the idea of a second Chamber but said that he would want to be sure that the institution of such a Chamber would not weaken or detract from the effectiveness of the strong central authority which the present Administration provided and which the Territory would need in the future.

7. The Administrator raised the question of social development. He said the Department had been raising this and he was in favour of it to the extent and within the limitation that it did not detract from the resources available for economic development. He said there was for

2 In April, Barnes caused a storm in the press after expressing views on the Ministerial Member system. Asked by a journalist for his opinion on the success of the 1968 constitutional change, Barnes responded: 'I think it is working splendidly ... I am particularly pleased by the progress made by the ministerial members and assistant ministerial members in learning their responsibilities of their various departments. This is no easy task to suddenly come in with little political or administrative experience ... I am fully confident that [the AEC] will function as a very responsible body. I think we have got to have patience in some of these things and not hurry them into a situation of rapid political advanced responsibility before they are ready for it. [Journalist:] That suggests, Sir, that you don't anticipate the need for constitutional changes during the present life of the House? [Barnes:] Well, in major regard[,] I am expressing a personal view, I don't, but feel the House of Assembly may have other views, but I think I have always opposed too rapid progress in these things. I believe we have made a tremendous step forward in the last constitutional changes—why not let it settle down for a term or two until they really know where they are heading, really know that they want. I think every advantage is patience in this regard. This is contrary of course to outside opinion ... pressure has been put on them for more rapid political advancement. Have a look at what's happened in other parts of the world where this has happened. These people are doing very well indeed and they have problems. I think the greatest problem is not political development so far, but maintaining the unity in the Territory ... the whole future of the Territory depends on being able to maintain unity in the Territory. [Journalist:] But when you refer to a term or two you mean terms as life of the House? [Barnes:] For the life of the House, for the life of two Houses ... I admit I haven't heard a good argument why this should be changed' (transcript of press conference, 10 April 1969, NAA: A452, 1969/2142). Typical headlines in consequent press articles were 'Barnes calls for reform delay' (*Canberra Times*, 11 April 1969, in *ibid.*), 'Barnes: "No New Guinea move for 7 years"' (*Age*, 11 April 1969, in *ibid.*) and 'Barnes must go' (*Sydney Morning Herald*, quoted by R. Waddell, 'January–April 1969', in Moore with Kooyman, *A Papua New Guinea political chronicle*, p. 80).

3 Perhaps a reply to Hay's letter of 2 December 1968 (see footnote 21, Document 259).

example a place for museums. Australia should leave behind some memorials to its presence in the Territory. In relation to museums the Minister said we could not find the money at the present time for the sort of building that would stand as a memorial and he suggested the Administration look into the possibility of cheap, local-effort local museums.

[*matter omitted*]

9. Mr. Hay said that he had a discussion with Spry in Melbourne and from what Spry had told him about the student position in Australia it appeared that there was a world-wide revolutionary movement and that it had to be expected that this would infiltrate the Territory educational institutions. He was keen to see that there were no imported problems of this kind. He thought that teacher trainees should be psychologically tested from this point of view and I said that we would check the security screening of seconded teachers. Hay said that one nomination from the A.B.C. to the Territory might require permit action. I said that we should overhaul the legislation on permits so that it would be practicable if it became necessary to deport troublesome people.

10. The Minister raised the question of action to develop responsible unions. He said Besley was to talk to Santamaria⁴ on this. He wondered whether M.R.A.⁵ might be usefully involved on it and the Administrator suggested perhaps that Arek would be of some help. The Minister did not think Arek entirely trustworthy.

[*matter omitted*]

15. Lussick Bill.⁶ The Administrator expressed concern that unless relationships with the House were kept in a state of harmony a lot of things would be upset. It appeared to Members that the Government did not adequately take account of their point of view. The Minister said that it was necessary to get the House to appreciate the need for deliberation in considering legislation. The Minister considered that the Chambers/Turner Report recommendations would be readily acceptable to the House of Assembly. There was a brief discussion about how these recommendations should be given effect to and it was left to the Administrator to make a recommendation whether they should be introduced by Lussick or by Toa Kapena or by some other means. With regard to the relationships with the House of Assembly I asked the Administrator whether he had any instances apart from the Lussick Bill where it could have been suggested that the Government in Canberra had disregarded the views of the House of Assembly. He said he could not quote other instances.

[*matter omitted*]

[NAA: A452, 1969/222]

4 B.A. Santamaria, President, National Civic Council.

5 Moral Re-Armament.

6 See editorial notes 'Tensions in the House: the Chatterton and Lussick bills' and 'Conclusion of the Lussick episode'.

255 CABLEGRAM, LOVEDAY TO DEA

Djakarta, 5 February 1969

284. SECRET

West Irian: TPNG¹

Our 257.² Malik fixed for me to see him at mid-day Tuesday.³ I called on Soepardjo earlier that morning and ran through the story with him to prepare the ground for Malik. Soepardjo took it all very sensibly but at one stage expressed concern at the way our newspapers were playing up border matters and asked whether we could do something to stop it. I explained why we could not (see below).

2. I then saw Malik to whom Soepardjo had reported. I explained, and Malik fully accepted, that my call was wholly in the context of maintaining frank discussion with a view to minimizing any possibilities of awkward situations developing, in this case as a consequence of apparent increased military patrolling near the West Irian side of the border. I then picked up Soepardjo's point about publicity saying that if people crossed the border the news could not be prevented from getting out, to the press, to TPNG politicians and to the UNHCR. This was a fact of life which Indonesia would no doubt wish to consider in deciding the extent to which she tried to clean up her side of the border through military activity. Active patrolling could well result in increased crossings into TPNG and consequent new publicity. Moreover whereas we could turn back people who crossed for economic reasons, it would be a very different situation if the crossers could claim they were fugitives from armed pursuit. A further point was that active patrolling would increase the risk of patrols inadvertently crossing the border of which there were reports of two cases in January, and there was the ultimate danger of contact and incidents with Australian patrols.

3. Malik took this very well. He said that earlier in the morning he had checked with Sudjarwo (his special representative for West Irian) who had assured him that no military operations were going on near the border. Malik said however that you could not always believe what the military told you and said that many of them were prone to think that the best way to solve things was with a gun.

[*matter omitted*]⁴

1 In a cablegram of 2 February, DEA communicated to Loveday reports of 'increasing Indonesian activity in the border area' against Irianese dissidents. Operations had allegedly occurred on both the Irian and PNG sides of the border. The cable concluded: 'You will appreciate that armed operations in the area immediately adjacent to the border could well result in increased crossing of dissident elements into TPNG and also inadvertent infringements of the border by Indonesian troops ... We are seeking to check and verify the reports as far as practicable but separating out rumour and fact is obviously difficult. We do not wish to exaggerate the situation but it seems advisable for you to have a discreet talk with Malik about the policing activities of the Indonesian patrols in these areas in order to minimise any possibilities of awkward situations developing' (cablegram 284, NAA: A1838, 3036/14/1/6 part 12).

2 Not printed.

3 That is, 4 February.

4 Matter omitted refers to Malik's recollection of an incident in which he had persuaded Sarwo Edhie 'to use persuasion [rather] than force'. Malik said Sarwo Edhie—who had 'matured a lot' prior to his Irian appointment—had accepted his advice and would be open to further guidance.

4. Malik said that accordingly he would get Sudjarwo to send off a signal straightway to West Irian saying that if it were feasible no more operations were to take place near the border. Malik said it would be better if such a halt could be maintained until ascertainment was over, but in any event he would say that no operations should take place until after he himself had visited the area, which he hoped to do soon in company with the new Minister for the Interior (Amir Machmud) who was 'very military' in his activities and needed to be 'educated'. General Basuki Rachmat, the former minister, had been much more civilian than military and his death was a great loss.⁵ Malik repeated that he was glad that the military commander on the spot was Sarwo Edhie, and said he would like us to continue to keep him closely informed of any developments as a check on what was actually going on near the West Irian border.

5. At an earlier stage of the discussion Malik said that if some active patrolling were militarily necessary, it would be important for the patrol to have careful orders to avoid crossing the border and preferably for our people to have advance notice of what was happening. In this he was echoing an idea put up by Soepardjo earlier as a personal comment that the time might be coming for the patrols on both sides of the border to know of each other's movements and what each side's 'standing operation procedures' were. I did not express a view on the desirability of this since I was concerned to press for damping down or eliminating armed operations altogether in the border area. There is always the danger too that the Indonesians would seek to engage us in 'joint operations' against the dissidents which is what I would assume they would like. However the nature of the discussion opens up a logical way in which to pass on to Soepardjo the substance of the recently decided principles governing PIR patrols (your letter of 22nd January)⁶ and I now think it would be desirable to move in this direction. I would have had some concern about springing this on the Indonesians cold, but the way the situation is developing I consider it could [all]⁷ happen in a natural way and without exciting undue suspicion.⁸

[NAA: A1838, 3034/10/1/4 part 4]

⁵ Rachmat died in early January 1969.

⁶ On 17 January, the Department of the Army despatched to the PNG Command instructions for 'a situation when contact with a foreign patrol on the Eastern side of the border is unavoidable' (the instructions amplified those of June 1967—see footnote 9, Document 213). PIR commanders were instructed to act in accordance with the principles of 'a. Speed [of reporting and reaction on the ground]. b. Adoption of appropriate formation and posture. c. Warning (i.e., non-violent persuasion). d. Use of minimum force. e. Domination of the area [by observing retreating forces]'. Commanders were asked to use 'only that action which is necessary ... If he must reply to fire ... no more ammunition than is required to stabilize the position will be used'. They were also instructed to place their patrol between fleeing refugees and Indonesian forces if the parties were obviously distinguishable and on the Australian side of the border (attachment to memorandum, Army (White) to DEA, 17 January 1969, NAA: A1838, 3034/10/1/4 part 6).

⁷ Editorial interpretation. Word corrupted in the original.

⁸ For further discussions in DEA on this idea, see minute, M.G.M. Bouchier (Head, Malaysia and Indonesia Section, DEA) to Osborn, 13 February 1969, NAA: A1838, 3034/10/1/4 part 4.

256 MEMORANDUM, DOET (WARWICK SMITH) TO ADMINISTRATION

Canberra, 18 February 1969

National unity

Your 1–1–63 of 4th January, 1969 refers.¹ Your assessment that the secessionist movement centred in Rabaul should not be taken too seriously is noted. Your view that the situation in Bougainville will be more difficult to handle is also agreed. You make no mention of possible moves for secession of other parts of the Territory e.g. the Sepik as suggested at the last meeting of the House of Assembly.²

2. The general lack of national identity among the people of the Territory could lead to very serious problems in the future both for the Territory and Australia. This seems most likely to arise in areas where economic development has taken place so that a particular area of the Territory can see a financial advantage in going it alone.

3. Apart from the economic and financial implications of secession you have mentioned any dismemberment of the Territory could increase the possibility of instability and political influence from outside. It was for these reasons that the Department's memorandum of 19th November, 1968 concluded that it was necessary to work out a total programme for the encouragement of national unity.³ The propaganda aspects of this programme should, it is suggested, be covert and operate in accordance with approved principles of mass psychology.

4. In order to supplement your programme in Bougainville the attached paper seeks to define the objectives on a Territory wide basis and to suggest practical ways of advancing them in keeping with the Minister's views. The Minister agrees generally with the proposals in the paper and would like them worked up into a firm programme for his consideration as soon as possible. Your comments and any additional steps you propose would be appreciated so that a submission may be put to the Minister during February.⁴

5. An important element where the expenditure of public funds is concerned is to balance any additional costs against the threat to national unity, for example it would probably have been better if we had decided to place the University at Lae when the House moved Hitech there.

6. Similarly the Minister does not accept that the House of Assembly must necessarily remain at Port Moresby. That there would be administrative inconvenience and some increase in costs if the House were moved to Lae is appreciated but this has to be weighed against the advantages in the interests of national unity and in removing the House from political pressures peculiar to Port Moresby.

7. To some extent present problems seem to be centred upon the fact that too much activity and expenditure is centred upon the Administration, the House of Assembly, the

1 Document 250.

2 Lus—reportedly on Pangu instructions—had warned the House that the Sepik might secede if not accorded more attention in development (MIS no. 12/68, NAA: A1838, 936/3/15 part 5). Momei Pangial had also suggested that 'If we start breaking up the country then we could have, for example, four divisions—the Highlands, the Sepik, Manus Island and the part where I come from, the Southern Highlands. This would be ridiculous' (*House of Assembly debates*, 21 November 1968, Nq. 328.952 PAP, p. 621).

3 See Document 242.

4 A submission of this nature has not been found.

Supreme Court and the University all being in Port Moresby. This is illustrated by the criticism in the Wooten/Osborne Report⁵ on the Supreme Court Building of the practice of adjourning cases to Port Moresby for legal argument. What seems to be needed both in planning and in propaganda is a general emphasis on decentralisation and on bringing the administration to the people.

Attachment

PAPUA AND NEW GUINEA ILLUSTRATIVE PROGRAMME FOR INCREASING NATIONAL UNITY

Note: This paper is merely illustrative and is not to be taken as expressing the views of the Department.

Objectives

- (i) To break down local prejudices and suspicions, and build up mutual trust and respect among peoples of Territory.
- (ii) To lead to identification by people with Territory as whole as well as with local groups.

Basic principles

- (i) Concentrate on areas where wish for secession strongest.
- (ii) Understand and sympathise with motives, aspirations and resentments of people.
- (iii) Give plenty of opportunity for discussion and participation before change and when decisions to be taken.
- (iv) Fit in where possible with existing cultural patterns.
- (v) Identify and sustain supporters of Administration.
- (vi) Encourage use of legitimate political processes.
- (vii) Observe principles of effective communication—
 - stress what people want to hear as far as possible
 - give message in as many forms and through as many media as possible
 - try for participation in communications rather than passive reception of message
 - direct message at opinion leaders
 - give well chosen facts rather than opinions and assertions—aim should be what appears to be objective assessment
 - use local rather than distant media where possible.

⁵ Not printed.

A. DRAFT PROGRAMME FOR IMMEDIATE IMPLEMENTATION	B. APPLICATION OF BASIC PRINCIPLES
(i) Create Senior D.D.A. position in charge of New Guinea—give them small specialist staff and wide delegated powers to act for Administrator (? an Assistant Administrator)—increase delegations to D.C.'s generally and particularly to those at, for example, Bougainville and Wewak.	Would demonstrate that Administration has active concern for grievances of outlying areas—this was specifically recommended by U.N. Visiting Mission.
(ii) Announce and implement policy of decentralising some Government institutions in areas outside Moresby, e.g. Supreme Court should either move its H.Q. out of Port Moresby or move some Judges out.	Would demonstrate that Administration has active concern for grievances of outlying areas.
(iii) Create new legislative House of Review with regional bases elected indirectly {from} local government bodies—precede creation by full discussion of issues in House of Assembly and country at large.	Would provide legitimate means of expressing regional attitudes—would be means of getting discussion of national unity issues.
(iv) Announce and implement policy of holding meetings of AEC and committees of House in centres other than Moresby.	Already being done by Administration.
(vi) ⁶ Support creation of Select Committee to look into flag, crest, anthem and common name—make it clear by Ministerial statement that Australian Government has no objection to these symbols of unity provided they are expression of wishes of people—arrange discussion of issue through mass media, making use of UN position.	Approved policy for last meeting of House of Assembly.
(vii) Give priority to selected Works projects out of Port Moresby, the early completion of which could help cause of national unity, e.g., roads connecting different cultural areas, national institutions where students and people of all areas work together—care would have to be taken to avoid embarrassing comparisons being made of expenditure in various districts.	Could break down suspicion of Central Government.
(viii) Encourage private organisations to organise on Territory wide basis and hold annual meetings on lines similar to Government-sponsored activities in Local Government and co-operative fields—but resist attempts to get Administration financial assistance and temptation to organise Territory-wide activities before individual organisations soundly based.	Would help break down suspicion, demonstrate worth of united action and encourage debate and participation.

6 Sub-paragraph (v) does not exist in the original.

(ix) Hold seminars for opinion leaders from all parts of Territory—to discuss important issues bearing on national unity.	Would break down local prejudices and suspicions and reveal regional attitudes.
(x) Rename DIES radio 'Papua and New Guinea Broadcasting Unit'—use title in all broadcasts but retain local identification as well.	Could help identification with Territory.
(xi) Where necessary strengthen DIES organisation in both quantity and quality of staff—this to be given high priority.	Would provide effective instrument for propaganda campaign.
(xii) Mount propaganda campaign to bring home advantages of unity and co-operation and dangers of fragmentation—campaign should observe principles of effective communication—concentrate on facts—benefits that have resulted from Administrative Union, examples of valuable co-operation, dangers of fragmentation and weaknesses of federation. Method should be to give maximum participation—panel discussion on radio between opinion leaders, letters to editor, more use of radio recording teams, etc.,—people should be encouraged to participate in political processes by writing to newspapers and Members of House—use should be made of apparently neutral agencies—Reserve Bank, U.N., etc.	Would provide means of participation and discussion, increase knowledge of aspirations, resentments, etc., and help identification with Territory as a whole.
(xiii) Put greater emphasis on value of co-operation and unity in social studies curricula for schools and tertiary institutions.	Would help break down barriers and cause identification with Territory among younger generation.
(xiv) Enlist help of Missions by putting to them the great social dangers of divisiveness—have subject discussed at Mission/Administration conferences. Withhold subsidies to Missions which do not support basic Administration policies or which do not control their own Members (as with R.C. Mission in Bougainville).	Could be another avenue for putting message and would be means of having issues discussed.
(xv) Encourage sporting organisations to send teams representing Territory to tour Australia and elsewhere—but resist attempt to get Administration financial assistance.	Could help identification with and pride in Territory—organisation necessary to do this would involve useful co-operation between various parts of Territory

(xvi) Establish and subsidise Papua and New Guinea Dance Company—to perform most colourful dances of Territory.	Could help identification with and pride in Territory.
(xvii) Establish a National Militia at village level (under Police & not P.I.R. control)	To broaden the unifying effect of the Police & P.I.R.

[NAA: A452, 1971/2197]

257 PAPER BY MCDONALD

Canberra, 28 February 1969

CONFIDENTIAL

Transition arrangements for Papua and New Guinea

[*matter omitted*]¹

In an interview in Port Moresby on 4th June, 1968, concerning the same issue, the Minister for External Territories (Mr C.E. Barnes) said that:

- (1) it would be within the powers of the House of Assembly to pass a resolution seeking self-government;
- (2) cognizance would be taken of any select committee resolution of the same character;
- (3) Cabinet would have to be satisfied that a House or committee resolution reflected what the majority of the people wanted.

He commented that how Cabinet reached its judgement would be for itself to decide, but his personal view was that this would require a referendum. He also said that in his view independence was another twenty to thirty years away, but added that ‘the important thing is not what I say: it is what the people of the Territory say.’

The underlying themes of the above statements appears to be that the pace of political evolution in Papua and New Guinea will be tied to the will of the mass and that self-determination will be dependent on the approval of the majority of the population, and not their acquiescence to the wishes of a political leadership. This is a view which accords with ideals of equalitarianism—which have been a feature of the Australian administration in the past—and had probably helped appease regional anxieties and jealousies within the Territory, and possibly encouraged outside investment. On the other hand it fails to anticipate the growth and potential power of a political leadership in the Territory and the general absence of plebiscites (including in Nauru) as part of the attainment of independence in recent times. It ignores international opinion about administering

¹ Matter omitted includes excerpts of Lord Casey’s speech of June 1968 at the opening of the second House of Assembly (see footnote 1, Document 200 and editorial note ‘Territories: changes to the department and portfolio’).

authorities having a duty to prepare and guide dependent people to accept responsibility for their own government. It disregards the view that it will be easier for Australia to retain real power if the semblance of power is given to the Territory willingly at an early stage. Nor does it recognise other interests an Australian Government might have in promoting or giving effect to an early act of self-determination, irrespective of what the majority of the indigenes may prefer, and the advisability of a policy of going 'too soon' rather than 'too late'—a view endorsed in 1960 by the then Prime Minister (Mr R.G. Menzies) who said that he had come to the conclusion that irrespective of other considerations, it would be better to terminate a colonial relationship 'too soon' rather than 'too late' in order to avoid the bitterness and recriminations that have characterised examples of the latter.

It is the purpose of this paper to suggest that it would now be in Australia's interest to accept and promote a flexible programme of political evolution aimed at self-determination; and to propose a number of transitional arrangements aimed at protecting Australian interests while giving effect to the programme.

International interest in Papua and New Guinea

Australia has been under mounting international pressure to set an early date or a timetable for the independence of Papua and New Guinea. In 1946 a number of United Nations members attempted to have target dates for independence written into each of the eleven trusteeship agreements then being negotiated. Although the administering powers resisted this proposal at the time, pressure for target dates has continued within the United Nations arena ever since. Australia has persistently refused to accede to demands of this type and in the mid-1950's even found itself alone with Belgium in opposing intermediate target dates. This pressure has increased markedly over the past decade following the independence of a large number of former colonies, and if anything the emphasis has shifted from proposals for a timetable of progress towards self-determination to calls for speedy independence.

At the same time Australia has become more isolated from the world community, and a target of particular attention, in the decolonisation field. Although it is hoped that the greater understanding and appreciation of our position shown at the last session of the General Assembly will increase,² this should not be taken as a change in international endorsement of the ideal of decolonisation. Nor should the current concentration of decolonisation interest on outstanding African problems be seen as a permanent distraction from the Pacific arena. On the contrary, we should be wary of frustration in Africa, and political adventurism in any part of the world, leading to increased international attention on the decolonisation in the Pacific.

Even within the Pacific region we should not count on the British remaining as an administering power for very long after a settlement is made for Fiji (when the majority community wants independence); and on possible Afro-Asian embarrassment over West Irian giving us any immunity from special attention for more than one or two years after the 'act of free choice' is completed.³

Since 1960 nine trust territories (for whom the international community has an accepted special interest and responsibility) have been brought to independence, either on their

2 See Document 252.

3 Presumably a reference to possible discomfiture over Indonesia's manipulation of the terms of the 1962 New York Agreement (see paragraph 8, Document 12).

own or through incorporation with a neighbouring independent territory. There are now only two left, New Guinea and the Pacific Islands (Micronesia). We should not expect international authorities to tolerate an extended continuation of either's dependent status for many years. An indigenous commission has already been set up in the Trust Territory of the Pacific Islands to draw up alternatives, and 1972 has been mentioned as a possible date for the Territory's act of self-determination. (The latter may possibly result in a choice by plebiscite for a 'commonwealth relationship' with the United States along Puerto Rico lines rather than separate independence, an outcome which could have implications for Papua and New Guinea.) Even with increased diplomatic efforts it is unlikely that we could continue the present relationship with New Guinea for many years more without risking an abrogation of our Trusteeship Agreement by the General Assembly, or risking demands that we accept a permanent United Nations supervisory or observatory team in the Territory.

In terms of world respect and influence, Australia gains little, if anything, from continuation of our colonial role, irrespective of the extent of our financial generosity and the considerations which make our administration wanted in Papua and New Guinea. A prolonged refusal to give effect to self-determination is even likely to weaken our standing in the eyes of our Western and Asian friends who now accept our bona fides towards the Territory.

Local interest in Self-Determination

Up to the present there have been no meaningful demands for independence from within Papua and New Guinea, although there has for some time been growing disagreement with facets of the Administration and growing antipathy towards Port Moresby in other parts of the Territory. There are nevertheless signs that political interest is moving in this direction. Recent proposals about the future of the New Guinea islands have included calls for secession and independence in the mid-1970's; the Pangu Pati has advanced proposals for a graduated progress through home-rule, self-government and eventually independence; and several M.H.A.s have recently publicly proposed target dates. None of these proposals appear to have been acclaimed widely throughout the Territory, but they do point to political spokesmen beginning to think and speak of independence. What is probably more important is that irrespective of popular beliefs about self-government and independence, a growing number of Members of the House of Assembly are becoming openly critical of Administration policies, and in some cases hostile towards Canberra controls on the operations of the Administration. They appear to be beginning to appreciate their political potential as M.P.s and are ceasing to be mute followers of a few expatriate members of the Assembly—a development which was evident in the debates of the House in the second half of 1968. It is also interesting that in a published study of the 1968 general elections Mr Wolfers⁴ noted that in the islands (amongst the longest contacted areas) a reputation for being 'difficult' or even 'anti-Administration' seemed almost a pre-requisite for electoral success; and that in the highlands (the most recently contacted) a reputation as a 'government man' was becoming a somewhat dubious attribute. It is also noteworthy that a growing number of young liberally educated indigenes are complaining of colonial injustices and racial discrimination in the Territory.

It is of course not possible to forecast at what speed demands for political change will develop and move over the next few years within the Territory. The electorate as a whole is basically conservative in its views on constitutional progress, and the more radical forces, such as the Pangu Pati, are not universally popular and have yet to prove their viability. The

4 E.P. Wolfers, Fellow, Institute of Current World Affairs, New York.

Territory is extraordinarily dependent on Australian finance and people. Even today the Territory Public Service has only some 540 Second Division officers (roughly equivalent to the Third Division of the Commonwealth Public Service) and less than 15,000 indigenes have completed some form of secondary education. In 1965 the secondary school enrolment in the Territory was only 7,525. These considerations should however not be seen as a serious impediment to the growth of political aspirations or a desire for a non-colonial status.

The very form and shape of the legislature and government in Papua and New Guinea today, and the scope it gives to the free expression of political views, is likely to facilitate an accelerating growth in political competition. This in turn will most likely lead to a mushrooming of political platforms, making it difficult for Australia to withhold governmental responsibilities from local institutions and authorities. The lessons of other decolonisation situations point to a likelihood of demands for independence developing and gathering momentum suddenly and rather rapidly, with little regard for economic or administrative sense. (At the time Ghana became independent in 1958, officers of the Colonial Office said it would need another fifteen to twenty years to bring Nigeria to the same stage of political development. In 1956 a Trusteeship Council Visiting Mission reported that it would be another twenty years before Tanganyika would be ready for independence.) It would be foolish for Australia to pretend that the same could not happen in Papua and New Guinea. A small but growing group of ambitious, confident and potentially charismatic politicians—such as Somare, Oala Rarua, Olewale, Lus, Arek and Eri⁵—are beginning to make their presence felt and display skills in political arts; and the early 1970's will witness the first graduations from the University of Papua and New Guinea. The Australian record in Papua and New Guinea is not without incidents of racial discrimination, nor is the present administration free of methods and practices likely to give rise to popular demands for social reforms—and local control of the means of giving effect to social changes (i.e., the machinery of government). The obvious social differences between indigenes and expatriate underlines the constant threat of a volatile racial situation.

Australian interest in self-determination

A factor that is often overlooked in public statements about the future of Papua and New Guinea is the interest and attitudes of Australians in the issue. Last year the Minister for External Territories complained of some Australian newspapers trying to force the pace of political changes in the Territory, but rarely has the interest the Australian public or an Australian Government might have in forcing the pace been publicly recognised as an important consideration in this issue. Recent statements of government policy have emphasised that the rate of constitutional advance will be dependent on the wishes of the indigenous people; and Australian arguments in international councils have emphasised that changes will be tied to the wishes of the indigenous population. Yet to hold constitutional change to popular indigenous wishes, is to wait for widespread dissent and bitterness to become manifest in the indigenes' attitudes towards the Administration and Australia.

At present popular opinion in Australia would probably support retention of our administrative responsibility for Papua and New Guinea. There is, however, a large well-educated group within Australia who would favour an orderly but fairly early ending of Australia's colonial position; and it is highly unlikely that the Australian public would support retention of our administration in the face of opposition, however small, from a vocal and well publicised group of Territory politicians, without regard to the backing the

5 Vincent Eri, a student at UPNG.

politicians might have amongst the indigenous population at large. There was, for example, no public questioning in Australia of the decision to grant Nauru its independence when this was sought by the Head Chief.

Bearing in mind the close geographical relationship of Papua and New Guinea to its colonial power (an element which distinguishes it from most examples of European colonialism), the consequential desirability of bringing about self-government and independence to the Territory in a manner that will ensure intimate and friendly relations with Australia in the following years, and the general advisability of going 'too early' rather than 'too late', it is unlikely that any future Australian Government will want to resist unopposed demands by elected indigenous M.H.A.s for more political power to be transferred to Port Moresby. In addition the possible discomfort that could arise out of for ever subsidising a continually increasing budget, and supporting growing development demands, adds weight to the case for easing Canberra's acceptance of full responsibility for the good government and proper development of the Territory.

Problems for self-determination

In terms of domestic, bilateral and international political interests, it would seem to Australia's long term advantage to begin encouraging the movement towards self-government and independence for the Territory; just, for instance, as the New Zealand Prime Minister has tried to do in Niue by informing its legislature that his government was unwilling to perpetuate the existing colonial relationship; and as a British Minister recently tried to do in the Falkland Islands.

Unfortunately the internal situation of Papua and New Guinea does not easily lend itself to such a policy. The Territory takes in 700 different languages and a terrain that does not lend itself to easy communication of people or goods. There is no large tribal, language or religious grouping, and the common history of Australian administration is its principal unifying factor. Even people who have adopted the same Christian denomination belong to different mission groups. Regional differences are quite strong, and centrifugal forces appear to be gathering momentum rather than decreasing at present. It is to be hoped that they will abate soon, but the latest T.I.C. reports indicate increased support for Bougainville separation proposals; and the Melanesian Independence Front (which advocates secession by the New Guinea islands) has not yet withered as might have been expected if it were a transient organisation. In fact the dissension that could develop around secessionist movements, the antagonism between Papuans and New Guineans, distrust between highlands and coastal people, and regional jealousies and dissatisfaction, especially in comparatively less prosperous areas like the Sepik, Gulf and Chimbu districts, could easily outstrip the evolution of rational political forces. This could easily result in Australian authorities having to hold the Territory together in a mandatory way, and take police action against popular movements—all in the full glare of world-wide publicity and prejudice against colonial administrations.

Although there are relatively simple means of diverting attention from regional interests and inspiring national sentiment (such as creation of a common name, a new flag, a new currency, national sports teams), the most successful course would probably lie in giving attention to national political issues, and thereby compel the inhabitants to seek and adopt unified positions. On the other hand continuation of an expatriate administration for a long period could become a principal cause for further growth of dissident movements, and result eventually in the establishment of more than one client government within

the present boundaries of Papua and New Guinea. This would, quite obviously, not be in Australia's political, financial or military interests, and it may become desirable to promote a faster growth of mature attitudes principally by placing greater administrative responsibilities in the hands of the more articulate and able indigenes in order to turn their attention away from regional issues and causes.

Similarly, difficulties with Indonesia along the West Irian border, or over West Irian/T.P.N.G. relations, would find Australia caught in the sight of the world as a 'white colonialist', and subjected to severe restraints in the conduct of its own relations with Djakarta. On the other hand, Australian support for a self-governing or independent state would appear more acceptable, both internationally and domestically, and preserve a greater degree of flexibility for the conduct of relations abroad. The British for instance would have had far greater difficulty in resisting Sukarnoism in Malaysia and Singapore⁶ if the latter had still been British dependencies rather than sovereign independent states.

The processes of self-determination

This paper does not set out to examine the various alternatives open for self-determination in the Territory, as a 1963 paper entitled 'Process for Effecting Self-Determination in Papua and New Guinea' is attached.⁷ Broadly speaking Papua and New Guinea can terminate its colonial status (i.e., enact its right to self-determination) by becoming an independent state or becoming an associated state (i.e., self-governing with Australia responsible for external affairs and defence until the state unilaterally decides otherwise). In terms of legal requirements all that will be needed will be amendment of the Commonwealth's Papua and New Guinea Act and consequential changes made to a number of ordinances by the House of Assembly.

Ideally it would be preferable for the constitutional process to follow a graduated progress through home rule, self-government/associate status, independence. In some respects the existing pattern of select committees and general elections every four years appears to provide a logical graduation for new steps, but these may not coincide with political pressures, or other factors, promoting changes. It may also be considered ideal for the population to be given a choice of retention of an existing relationship, but such a choice has not been offered in most acts of self-determination in the past. In view of the basic conservatism and regional antipathies of Papuans and New Guineans at large, it may prove difficult to obtain a plebiscite vote against maintenance of an existing relationship, if such a choice were offered. However an exercise of such an option would hardly receive United Nations approval, and would only prolong Australia's difficulties as a colonial power.

It will in fact probably be preferable to avoid offering a direct choice to the public at large, and from an international and trusteeship point of view it will probably be sufficient for the House of Assembly to vote in favour of independence. Should the House of Assembly opt to become self-governing in association with Australia, then it will probably be necessary for the House's decision to be confirmed by some form of electoral process (i.e., a plebiscite or general elections) before international approval is given.

In this regard the following considerations should also be noted:

- (1) No trust territory has so far effected self-determination other than by becoming independent, either on its own or in parts, or through incorporation with an

6 An allusion to Indonesia's quest under former President Achmed Sukarno to 'crush' the federation of Malaysia. See footnote 2, Document 12.

7 Not printed.

adjoining territory. In cases where a former trust territory became independent as a whole, no referendum or plebiscite was necessary. Referenda or plebiscites were, however, held where the territory was incorporated into an adjacent territory (e.g., British Togoland and the British Cameroons). The United Nations might look at precedent and insist on a referendum being held in the Trust Territory to determine whether it should be united with Papua, but as New Guinea has formed a union with Papua for over twenty years, and is the bigger half, this is unlikely to be raised unless strong objections are made to continuation of the union by New Guineans.

- (2) The absence of a high level of democratic processes has not hindered the acceptability of a choice for independence. In the case of Somaliland no one objected when the Italians told the Trusteeship Council that their objective was to develop a small elite to rule the country; and the presence of a disproportionate European and Asian membership in the legislature did not give rise to questions about its competence to decide on Tanganyika's independence. In effect, as long as the outcome is full independence there is unlikely to be any international questioning of the act of self-determination, but if it is anything less there may be an insistence on an international verification of public opinion.
- (3) In 1960 the French were able, with the approval of the Trusteeship Council, to give independence to the Cameroons while maintaining an extensive administrative, financial, commercial and military presence. The extent is outlined in the attached Foreign Office Paper JK103117/3.⁸ Two years later however the United Nations insisted that the Trust Territory of Western Samoa become independent without entering into a prior treaty of friendship with New Zealand, the administering power. The General Assembly would probably have taken the same position towards Nauru had a treaty been agreed upon with Australia prior to independence. The Assembly might have difficulty in extending this requirement to a non-trust territory, but they would not ease it just because part of a territory was non-trust.
- (4) Except for the Cook Islands, no act of self-determination short of independence has been approved by the United Nations since 1960. Several such territories (Alaska, Hawaii, Puerto Rico, Greenland, Surinam and the Netherlands Antilles) were incorporated or acquired a status short of independence prior to 1960 but none since. In fact the Puerto Rico 'commonwealth relationship' has since been under challenge in the Committee of Twenty-four, and the Committee and the General Assembly have refused to accept a termination of a colonial relationship in the Associated States of the Caribbean. It should however be noted hence that the latter acts of self-determination were made by the legislatures and not by referenda, there were no United Nations observers, and there were no migration rights given for entry to Britain. In the case of the Cook Islands, the state of association was probably approved only because
 - (a) the act of self determination included a choice of complete independence;
 - (b) it was witnessed by United Nations observers (about which British and United States authorities were unhappy);

⁸ Not printed.

- (c) the Cook Islanders retained a right to break the association unilaterally;
- (d) the islands were impoverished and the associate status included the right of free migration to New Zealand;
- (e) the Assembly was then not well informed on the Pacific, and did not look on New Zealand as real colonial power.

On the basis of the above it would appear that if a choice of an associated status was to be offered at the time of Papua and New Guinea's act of self-determination, it would be desirable to invite United Nations observers to witness the procedures; the more so if it was intended that the choice should terminate the trusteeship agreement in respect of New Guinea whatever the outcome.

We should, however, not take it for granted that Papuan and New Guinean leaders will want an option of something short of independence at the time of self-determination, however sensible such a decision might appear to both us and them at this time. In January 1967 Cabinet decided that in the event of self-determination being accorded to Nauru there should be a reservation to Australia of the defence and external affairs power. As it turned out Nauru's leaders insisted on and obtained a legally unfettered independence, despite generally affectionate feelings for Australia.

Political considerations

More important than the legal or international requirements, it will, judging from other decolonisation processes, be highly desirable for the course towards independence to anticipate and be sensitive to political developments, rather than to proceed according to a pre-ordained plan based on economic and administrative logic and good sense. At the moment Australian policy and administration of the Territory can be commended on the grounds of economic and administrative sense, but neither appears to be always politically intelligent.

There is for instance no formal machinery involving the participation of governmental agencies outside than⁹ the Department of External Territories for the consideration of political issues concerning the Territory, although several authorities have an interest in and some experience of these problems. A proposal advanced in 1965 by External Affairs for a co-ordinating policy committee of several departments has not come to anything; and External Territories has, for example, not sought any more than informal consultation with External Affairs on the handling of secessionist proposals. All the best will in the world on the part of Canberra, and the most efficient administration and economic planning, will not ensure a smooth transition and harmonious future relations between Australia and Papua/New Guinea unless an effort is made to ensure that Australian policies and actions are politically intelligent.

On this account it might prove best to promote indigenous officials into positions they appear unlikely to be able to handle adequately, in order to produce a handful who will have at least some experience of higher office before suddenly assuming the responsibilities—especially financial responsibilities—currently exercised by senior expatriates. (This is a view which former British administrators have advanced as a first lesson of their experience.) It may at the same time be desirable to direct a lot more of the Administration's funds to housing programmes in Port Moresby and other urban areas, in anticipation of the urban indigenous population becoming the main centre of dissatisfaction in the transition and post-independence period unless they can see apparent scope for their own social improvement. It may be necessary to formulate schemes for the promotion of an elite

⁹ This word seems to be superfluous.

drawn from all parts of the Territory, and recognise that the traditional character of the Territory's society does not lend itself to government based on egalitarian norms. It may be necessary to encourage, and even finance, political parties in the Territory to improve the prospects of future governments being cohesive and disciplined. It may be necessary rather arbitrarily to remove comparatively more efficient sections of the expatriate element in the Administration before independence, just because they are involved in politically delicate areas of government (e.g., immigration, broadcasting) or because indigenes are better able to replace them than in some of the less efficient but technical and less sensitive sections. It may be desirable to deliberately and arbitrarily create an indigenous capitalist community (which at present does not exist) amongst the more articulate and commanding indigenes, in order to avert social and political unrest that might easily later result in demands for expropriation of Australian investments. It may become desirable to restrict the level and form of Australian investment in the Territory with a view to avoiding economic and social disparities that could give rise to racial recriminations in the following years.

It is suggested that political questions of the character mentioned above should be the subject of continual review by high level authorities, preferably involving the participation of departments neither directly concerned with nor influenced by past policies, nor the operations of the Territory's administration, but who have an interest in shaping a basis for future friendly relations between a wealthy Australia and a poor Papua and New Guinea. Such departments would include External Affairs, Prime Minister's, Treasury and Defence.

At a different level policies in respect of transitional arrangements might be the subject of review by an all-party parliamentary committee.

Australian interests

In view of Australia's past and present deep involvement in Papua and New Guinea, and the latter's future regional and strategic importance to Australia, there are likely to be a number of interests which Australia will probably wish to protect both in the self-determination process and during the transitional period through to the end of the immediate post-independence phase. It should however be stressed that in view of New Guinea's 'international status' as a trust territory the United Nations is unlikely to agree to independence or an associate status coming about subject to conditions imposed by or entered into with Australia prior to the act of self-determination. In the event of a choice for associate status being condoned the United Nations is likely to insist on the new government having a unilateral right to opt out of all conditions and administrative contracts with Australia at the time of exercising its right to complete independence. It is therefore likely to be necessary to accept that these interests will have to be pursued without binding legal protection until after independence. (This, in effect, amounts to an argument in favour of promoting self-determination while indigenous leaders are more easily susceptible to Australian persuasion.)

In a submission to Cabinet on 10th August, 1960, dealing with a proposed policy statement and pamphlet on 'The Political Future of Papua and New Guinea', the then Minister for Territories (Mr Hasluck) 'assumed that the Government does not wish to enter on any basic review of policy in respect of Papua and New Guinea but accepts such fundamental propositions as the following:

- (a) The obligations which Australia incurred, first in Papua and then in the Mandated Territory of New Guinea, towards the country and its people should be honoured;
- (b) The relationships in the future between Australia and a self-governing Papua and New Guinea should be such as to protect Australian interests, including trade, defence and the rights of our own citizens;

(c) Papua and New Guinea should never be occupied by peoples other than the indigenous people or fall under the domination of any foreign power'.

Taking the above view as a start, it is suggested that the interests Australia would most want to maintain and protect are:

- (a) the maintenance of good faith and understanding between Canberra and Port Moresby;
- (b) the maintenance of stable government and effective rule in Papua and New Guinea;
- (c) the maintenance of mutually beneficial trading and commercial arrangements;
- (d) the protection of Australian public and private investment, and other economic interests, in the Territory;
- (e) the protection of our strategic military interests and lines of communication in the area;
- (f) control over the entry of Papuans and New Guineans into Australia, and protection for Australian citizens (including missionaries) in the new state.

These are discussed in the following paragraphs.

Good political relations

In the course of time there will be inevitable fluctuations in the state of relations between Australia and Papua/New Guinea. It would seem advisable nevertheless to seek to put these relations on an amicable basis at the beginning in an attempt to avoid friction and bitterness at later times as far as possible. In this the geographical proximity of the two countries will mean that the retention of good will in the transition will be more than a matter of sentiment (as, for example, between Britain and India), protection of investments (as between Britain and Malaysia) or just honouring past associations (as between Britain and the Gambia). The pursuit of this objective would seem best served by according the Territory's new leaders a greater deal of respect and intelligence than they would probably otherwise merit, whether at the stage of self-government, association or independence.

For a start it would seem advisable to remove as much as practicable of the expatriate population identified with colonial practices and replace them with advisers and officials who will deal with the new leaders without reference to the colonial background. Apart from the question of introducing Australians with a different attitude it should also be an important part of the politics of the transition to allow indigenous ministers and officials who move into the administrative hierarchy to be aware of their real power and responsibilities, and to enjoy some of the perks of higher office such as homes in better suburbs. At the same time there will probably be advantages in appointing small advisory teams to almost every department of government to be maintained in Port Moresby, to assist them until such stage as they want to stand on their own. In post-independence Cameroons, for instance, there were French advisers, who did most of the real work, in every department except the foreign ministry.

One of the most important factors in maintaining close political relations between Canberra and Port Moresby in the transition period will however probably be the extent to which the former are seen as considerate and sensitive towards the latter. It will be very easy for Australian ministers and senior officials to tend to look on their Papua/New Guinea counterparts as uninformed, inarticulate and unintelligent; whereas the latter are likely to be sensitive to slights and consider a good deal of their relative disability due to a lack of experience and a denial of governmental facilities. In order avoid the bad effects of such a

development it may be desirable to make special arrangements which recognise the need for Canberra to flatter Port Moresby to some extent, and to keep it well informed on the background and reasons for Australian attitudes on particular issues. Such arrangements should include the field of foreign relations but might also extend to other fields such as public finance, trade, law, social services, immigration and defence. At a more senior level it may be desirable to formalise high level ministerial consultations, both prior to and after independence, on a regular basis to encourage a feeling of trust and fellowship (and an affinity and alignment of interest and attitude).

Foreign relations

Prior to independence there could be a stage when foreign affairs and defence will be the sole governmental powers retained by Australia. After independence we would want to maintain easy access and a high level of influence (if not virtual control) in these fields. Prior to independence it will probably be necessary to establish a liaison office in Port Moresby to inform and advise the local chief minister and his officials of developments in the foreign affairs field, and to assist with preparations and training for the establishment of a local foreign and trade service after independence.

It should be recognised that one of the greatest difficulties for a new government in Papua/New Guinea will be how to cope with international factors in their every day operations. This will probably be most acute in the area of trade, commerce and financial matters and lead to the new state feeling, like other developing countries, that the rules of world trade and international finance are designed to leave the unprepared behind. Irrespective of the state of political sophistication in Papua and New Guinea, it is probably going to be many years before it has a sufficient body of both intelligent and experienced officials to deal successfully with the complexities in these fields, for it is an area where experience in decision-making alone will be quite inadequate against the acquired knowledge of other governments and international institutions. Indeed without Australian help Papua/New Guinea will probably fall rapidly backwards in terms of world trade and economic development, and be easy game for the more experienced and less scrupulous commercial operators of Manila, Djakarta, Singapore, Hong Kong, Tokyo, etc.

It would therefore seem desirable to offer or hold open the possibility of Australian governmental services in the international field being made available for Papua/New Guinea in both the pre and post independence period. In the likelihood of an act of self-determination being effected without conditions it should be possible to retain these factors on a de facto basis, but making it known that they will have to be incorporated into a treaty or contract of management, if, and after, the Territory opts for independence. (This is referred to again below.)

National enterprises

For political and social reasons and contrary to economic arguments, it may become desirable for Australia to assist the growth of national sentiment in Papua/New Guinea through the establishment and promotion of enterprises such as a national shipping line, national radio and television network, a post office and possibly a national trading bank and a national trading company. At present air services in the Territory are completely expatriate owned (T.A.A.,¹⁰ Ansett, Papuan Airlines and a number of charter companies). Domestic sea and land cargo services are mostly expatriate owned and controlled. There

10 Trans Australia Airlines.

is as yet no television in the Territory and radio is confined to a few A.B.C. stations and a small Administration network. Postal services are provided by branches of the Australian P.M.G's¹¹ Department. Apart from the new Development Bank, and a mooted new savings bank, all monetary facilities in the Territory are provided by branches of Australian banks. Nearly all inter-regional, all international trade, and most urban trading, is controlled by individual expatriates or Australian firms such as Carpenters and Burns Philp.

The degree of Australian involvement and control of economic activity of the Territory is quite marked, and possibly unparalleled by any other colonial situation—this has already been the subject of comment in the United Nations and will probably come under closer scrutiny and criticism in years to come. A defence that indigenes are not in a position to organise such activities or to provide significant capital for these enterprises is likely to give rise to rebuke for administrative shortcomings. (In fact, of the total indigenous population of 2,150,000 there are some 35,000 non-indigenes—only 234,000 are mainly in the money economy, 442,000 earn some cash, and 572,000 are subsistence workers). Quite apart from international considerations we should not expect Papua and New Guinea leaders to continue to accept such a position indefinitely (there have already been demands by M.H.A's for restrictions on expatriate trading rights), nor should we expect such a situation to provide a basis for harmonious and comfortable relations between Australia and Papua and New Guinea in the future. This is not a matter of expecting an outright rejection of Australian investment and interest in the Territory, but of making a sensible appraisal of the likely growth of indigenous aspirations and anticipating shifts in emotional attitudes towards outside domination and a low level of local participation in the management and control of domestic business enterprises.

Consideration might therefore need be given to the question and priority of formation of a T.P.N.G. airline (possibly with joint T.A.A., Ansett, Papuan Airlines and Administration ownership); a T.P.N.G. shipping service (with a similar consortium participation); a Territory radio/television service with a similar relationship with the House of Assembly as the A.B.C. has with the Australian Parliament, and creation of a commercial broadcasting network with restrictions on non-indigenous participation; re-formation of the present post office network into a local public organisation; creation of a public and a private Territory trading bank, (with Australian private banks providing a consortium backing for the latter) and establishment of a national public trading corporation. In all these local participation in management and ownership would be promoted and partially underwritten. In the early years all these concerns will have to be managed by Australians, but they will bear a local title, appeal to local pride, involve an increasing degree of local management and local political control. In many ways these proposals will offend economic or administrative good sense, but they will go some way towards removing the dangers of fomenting discontent and animosity which could be bred by obvious and sharp economic and social disparities equated with race.

Aid

In 1965 a Committee of Heads of Departments which reviewed Australia's international aid programmes reported that 'as a general rule, priority should be given to meeting our responsibilities in Papua and New Guinea and to providing bilateral aid to those countries in South and South-East Asia which are of immediate strategic importance to us'. It went on to say that 'Australia is likely for the next few years to continue to have virtually the

¹¹ Postmaster-General's.

sole responsibility for the development of Papua and New Guinea which must have a very high priority amongst our External Aid expenditure'. In June 1965, Cabinet 'found these conclusions generally acceptable as a guide to future aid policy' but said the reference to Papua and New Guinea was 'not to be read as implying that the grant for Papua and New Guinea is merely another of the claims for external aid and something to be determined in the external aid context'.

Since that time assistance to Papua and New Guinea has continued to account for the major part of Australia's external aid funds, and has not been subject to the same competition for budget appropriations as other forms of international aid. It is presumed that future Australian governments will continue to give special consideration and a high rating to Papua and New Guinea because of past international and humanitarian connections and its bi-lateral and regional significance. The form this aid takes (whether under cover of a treaty or treaties, sets of understandings or management contracts) is discussed in the paragraphs immediately below.

At present Papua and New Guinea is heavily dependent on financial grants from the Commonwealth budget (approximately \$112 million in 1968/69); and over 60% of the Administration's revenue comes from a direct budget grant from Canberra. There should be little doubt that a sudden removal, or a rapid reduction, of the budget grant would cause economic chaos; and that even a graduated reduction that exceeds the fall in total expenditure on Australian personnel is likely to place severe restraints on development expenditure, and create political and social unrest.

The British until recently appear to have left all their former colonies without providing budget grants over the transition phase or in the post-independence period; but in the last couple of years they have given small budget grants to Malawi and the Gambia. Nevertheless in 1965 they were spending over \$20 million p.a. to subsidise the retention of over 10,000 British officers by over 40 former colonies (the equivalent of what a large part of future Australian grants will probably do). The French, on the other hand, have tended to work in a different way with their aid to former colonies. In 1962, soon after the independence of their vast African territories, French economic and financial support disbursements amounted to \$(US)68 million p.a. Since then, however, the level of these grants has gradually diminished, and in 1967 came to \$24 million, whereas total French official aid to the same states in the same years was \$288 million and \$270 million respectively, the balance being made up by an increase in technical co-operation from \$132 million to \$163 million.

Australia's regional and moral interest in aiding prosperity and political stability in Papua/New Guinea points to a likely requirement for us to continue to subsidise the local budget to a large extent. This was foreshadowed in Cabinet's comments in 1965 about assistance to Papua and New Guinea not being equated with other forms of external aid. It was also reflected in Cabinet's direction last October that Asian investment in the Territory was to be controlled so as not to give rise to undue economic influence in the hands of foreign investors, or to a level or type of immigration liable to generate undue problems for the future¹²—even at the cost of foregoing economic advantage. However, it is unlikely that a continuation of the present practice of providing the bulk of our assistance in budget grants will serve our best interests in the transition and post transition period; and the introduction of alternative types of aid and a flexibility between different types is likely to be more in keeping with Australia's basic objectives.

¹² See Document 232.

The principal dangers in continuing an annual grant to Port Moresby's budget lie in it tending to be taken more and more for granted and giving little scope for unobtrusively influencing its use. The Minister for External Territories (Mr C.E. Barnes) has referred to economic self-sufficiency as one of our objectives for the Territory, and it is unlikely that any Australian government would be willing to indefinitely commit itself to underwriting the Territory's public expenditure as Australia is doing at present. However the longer the grant is maintained in its present shape the more difficult it will be to reduce later even if the latter goes step in step with improvements in the local economy or returns from unexpected sources (such as oil or copper). It should, on the other hand, not be difficult to persuade Port Moresby governments of the virtues of a graduated timetable of reductions in the budget grant and its conversion to alternative forms of assistance (that will allow for a greater influence on its end use and on overall reduction in size).

The alternatives open to Australia include the following:—

- (a) Subsidising the emoluments of expatriate officials whom the Papua/New Guinea government wishes to retain or employ along similar lines to the British Overseas Service Aid Scheme, i.e., topping up with allowances for children's education and home leave, and a recruitment inducement. The Administration at present employs over 3,600 expatriate permanent or contract officers, and 2,200 expatriate temporary officers. There are some 11,000 local officers in public service but only 540 of these are in executive and higher clerical positions. Although not all the expatriate employees are likely to be wanted or retained after self-determination, the initial level could be quite high. In highly technical and specialist fields of administration (including those not yet established in the Territory) sizeable numbers of Australians may be needed for several decades.
- (b) Project development aid along the lines of our existing Colombo Plan economic development programme. Under these arrangements, instead of providing grants for Port Moresby to allocate to its general budgetary needs, Australia would undertake to assist or carry out particular projects from its own funds. This would retain a higher degree of control of funds and services in Canberra, enable Canberra to influence the choice of priorities, and to attract more prestige and identification for our contributions whereas the present grant, unlike 'Australian' aid projects in South-East Asia, is not commemorated. (Australia could find itself in an invidious position if after independence the Soviet Union or some other state attracts special praise by offering or undertaking a small aid project in the new state.)
- (c) Technical assistance along the lines of our existing Colombo Plan technical co-operation programme. Under these arrangements, Australia would provide shorter term experts and advisers for special projects, as distinct from assistance envisaged under (a) above, scholarships and fellowships for Papuans and New Guineans to train in Australia, and items of specialist equipment. This aid would fit into the pattern of world wide programmes of a similar nature, and in political terms would gain more for Australia than a direct grant to the budget.
- (d) Educational assistance is a field in which Australia will have a particular interest for humanitarian, economic, political and social reasons. Many of the expatriate teachers at present employed by the Administration may be retained under (a) above, but even in the longer term it is likely to prove desirable to supply higher level, tertiary and specialist teachers and educationists; and to finance the adoption of certain types of educational facilities. It may be desirable to define a special programme for

education assistance in the transition period prior to education,¹³ and to offer a special programme to the independent state to be formalised on a treaty or contract basis. (It is worth noting that the French have made a feature of the supply of teachers in their aid programmes to former colonies—which have generally remained closer to their former metropolitan¹⁴ than ex-British colonies.)

(e) Special contractual or similar arrangements along the lines of (d) above may also become necessary in other fields such as medicine, civil aviation, meteorology, etc.

(f) If, as is likely, both the Australian and Papua/New Guinea governments wish, for political reasons, to see an initial reduction in the expatriate population in urban areas, much of the post self-determination assistance which Australia offers will probably have to be 'invisible'. This could involve the use of Australian services in such fields as trade promotion, commodity negotiation, consular activities, international banking, and engineering and technical services. Some of these will probably continue without interruption from the present time but it may become desirable to define, and if possible eventually formalise, these services. From the point of view of the welfare of Papua and New Guinea, facilities in the field of trade will initially probably be the most important but the range of services could extend to offering the best advice and accumulated knowledge of all governmental departments and agencies in Australia on a contractual or treaty basis.

Monetary integration

Papua/New Guinea is at present an integral part of the Australian monetary and fiscal area, an asset which gives it many advantages of opportunity for sound economic growth. In fact it is at an advantage over other parts of the area because of its lower rates of taxation and preferential controls on bank credit operations. It has no foreign reserves of its own, a very low national debt of only \$25 million, and virtually no foreign debt. Former British colonies usually operated with a currency issued against sterling holdings, but they did not form part of the British monetary and fiscal area, and had their own reserves and debts. On independence, the alternatives open to the new state of Papua and New Guinea would be to establish its own monetary system on the basis of gold, foreign reserves and I.M.F.¹⁵ rights; to establish its own exchange system within the sterling area; or to remain a part of the Australian monetary area. A fourth alternative could possibly emerge if Australia decided to create a free exchange system for the small Pacific territories based at Sydney.

Papua and New Guinea at present does not hold foreign reserves in its own name, and in view of the wide imbalance in its trading figures it would have great difficulty in establishing a stable monetary system able to attract external investment. Without complete Australian backing for its monetary arrangements, it would not be popular in the sterling area. It will, in any event, have difficulty in effectively staffing a central banking organisation with local officers for many years to come. There would appear therefore to be overwhelming advantages for the Territory (and general advantages for Australia in terms of promoting regional prosperity) for it to remain a member of the Australian monetary and fiscal area prior to, and for some years at least after, independence, despite restraints this will impose on its own monetary and fiscal programme. This will inevitably cause complications in respect of banking control and the sharing of loan authorisations as the new government

13 This word should probably read 'independence'.

14 The word 'power' or similar appears to be missing here.

15 International Monetary Fund.

gains confidence; and in the long run the local government will no doubt want to be master of its own operations (especially as some of its less sophisticated leaders may see their government's comparatively low national debt as a form of subsidy to Australia). Consideration might need to be given during the transition period to preparing the ground for a possible separate Papua/New Guinea monetary area, should Port Moresby wish to make a break; and at this stage action might be taken to check capital transactions, so that if an early break does occur the Reserve Bank and Treasury will be able to produce verifiable figures for reserves and debt commitments of the Territory.

Commercial integration

On all accounts the Territory is not well equipped with personnel to cope with the complications and complexities of either domestic or international trading arrangements. Most of its trade is controlled by Australians. Most of its exports and imports are with Australia; and most of its exports would not be competitive in international free markets. The difficulty of communication and lack of accumulated knowledge which indigenous officials are likely to suffer could prove a serious hindrance to development of their international trade for some years. Its dependence on the export of agricultural products in highly competitive markets is likely to prove a serious disability after independence unless it is able to depend on preferential access to Australian markets. It will therefore probably be necessary to provide guaranteed markets for the Territory's products, and to provide advisers and negotiating and marketing services until well after independence. Early consideration might therefore be given to ways of building in guarantees for the Territory to maintain its trading position after independence. This might involve establishing a 'special relationship' between the Territory and Australia that will weather constitutional changes in the former's status. It could involve creation of a South Pacific free trade area linking Australia and nearby island states. It might mean copying the relationship a number of African states have negotiated with the E.E.C. It might amount to repeating the twenty five years preferential trading arrangements entered into between the Philippines and the United States at the time of the former's independence.

Defence

At present the Pacific Islands Regiment and the T.P.N.G. Naval Division form part of their Australian counterparts. They come under the direction of the Australian Army Board and Naval Board respectively, and their costs are absorbed in the Australian Army and Navy budgets. There is no local air force. On the other hand the T.P.N.G. Police (some 3,000 strong) is a separate entity on its own under the overall direction of the Minister for External Territories and the Administrator.

From a political point of view the development of indigenous forces serves several purposes:

- (1) They should help engender feelings of nationalism; and through their integration of recruits from all regions breed a nationalist outlook. (By contrast the police force has tended to recruit members for work in their own regions and has not overcome parochial attitudes).
- (2) They should provide a 'first line' in the event of border problems, incursions or more serious difficulties with Indonesia.
- (3) They should provide a 'first in' force for internal security operations, and thereby reduce the likelihood of 'white' Australian troops being used in this work.

- (4) They could provide a 'long stop' for the maintenance of a constitutional and/or pro-Australian administration in an independent Papua and New Guinea.

Anything that helps reduce regional antipathies and discourages disunity will be to Australia's benefit. In the event of military operations against Indonesians, it will be politically desirable for local ground forces to be seen taking the brunt of any probes before Australian forces are deployed in defensive or retaliatory operations; and logistically it could be more efficient to use local land forces in operations within the Territory rather than bring in 'white' troops from Australia. The same general argument would apply to the character of forces used for internal security actions. It would be foolish to look on local armed forces as a permanent core of strong pro-Australian sympathies, but their officers are likely for some time to harbour pro-Australian views and admiration for Australian political and social standards, irrespective of whatever sentiments prevail in civilian circles.

For these reasons it is likely to be in Australia's interests for the strength of the local armed forces to be maintained or expanded, and for their discipline, equipment and training to be kept up to acceptable standards. On the other hand an independent and inexperienced government in Port Moresby faced with problems of balancing its budget could easily be tempted to reduce the size of its armed forces; and indigenous officers left to themselves for a while are likely to allow standards to slip quickly. It is therefore likely to be desirable to continue our present policy of meeting the cost of the indigenous military forces through our own armed service appropriations for as long as politically possible, and to propose a continuing scheme of direct assistance once the local government wants to extend its financial controls over all public expenditure in the Territory. (This would probably not occur prior to independence as during an associate status the military forces would remain under Australian control.) The latter scheme could consist of providing funds for the armed forces as a separate and direct grant, with provision for the secondment of Australian officers, the conduct of training and the supply of equipment. As an alternative, in the event of the local government wanting to assert effective budgetary control over the activities of its armed forces, the size of the major annual grant-in-aid could be made contingent on a specified part of it being allocated to the forces for agreed defence purposes and projects; and on the operation of a large military assistance mission with access to all, or most, parts of the local defence establishment.

A more complex situation could arise in the likely event of Australia wishing to maintain military facilities under its own control in the Territory. An obvious probability is the R.A.N. base at Lorengau, Manus Island; and the retention of air fields, army barracks and depots may be considered expedient at the time of self-determination. A number of former colonies, including trust territories, have retained deployments of the armed forces of their former administering powers well after independence. Very few of the African nations in fact came to independence without some military arrangements with its former administering power; and even today France has military units located in Senegal, Ivory Coast, Cameroon and Madagascar, as well as military training missions in many of its former colonies, including Cambodia. The British maintained senior officers in the armed forces of former Asian and African countries for several years after independence, and today retain sizeable forces in Malaysia and Singapore, and bases (which she does not propose to abandon) in Cyprus and Malta. Despite this background, today's rabid decolonisation forces in the United Nations are likely to be critical of any appearance of military commitments (especially in the trust territory) in the process of

terminating our colonial relationship, the more so because of the recent Committee of Twenty-four's communist-inspired report on military activities in dependent territories.¹⁶ This may pose problems for Australia at the time of T.P.N.G's self-determination, and it may be necessary to allow the act to take place without any formal commitment or public understanding of future military arrangements. This possibility in itself provides an argument in favour of maintaining a heavy Australian subsidy to the forces through to the post self-determination stage in order to preserve a strong bargaining hand to obtain satisfactory base agreements later.

Cultural links

One of the features that is likely to distinguish the relationship between Australia and Papua/New Guinea from those between Australia and other nearby states to the north for several generations will be its cultural links with Australia. The potential strength of these links can be seen by the bonds which Britain and France have kept with most of their former colonies, and the general cultural modes and alignment of states according to the languages and social attitudes they have acquired from past colonial relationships. Papuans and New Guineans have acquired English with an Australian accent and Australian modes in sports, musical tastes, drinking habits and religions. In West Irian, by contrast, indigenous Papuans are being subjected to Malay language and to Javanese/Muslim tastes and attitudes. At present the level of cultural development in the Territory is relatively low, and a greater impression on local feelings can be made by visitors like Slim Dusty than a string quartette. The level is likely to rise only slowly but a programme of cultural exchanges geared to popular developing tastes would help satisfy the people's desires for mental pleasure in a comfortable medium; and thereby reduce the risk of excessive exposure to foreign influences or feelings of abandonment.

This suggests formulation of a programme of cultural exchanges and a flow of films, articles and radio features to maintain an Australian presence and influence in the Territory. In view of the absence of strong local traditions the retention of an Australian cultural influence will engender a yearning for close ties with Australia, and reduce the possibility of a cultural abyss which could give rise to erratic actions. With the likelihood of worldwide satellite television in the next five to ten years it might prove worthwhile to contemplate a television station for the Territory in the near future despite economic arguments against this, in order to establish Australian pre-eminence in the programmes the indigenes receive. Apart from the general cultural benefits of television, it would provide a help to the smooth management of the process of self-determination.

Immigration

One of the major obstacles to congenial relations between Canberra and Port Moresby in the future, and a problem that could easily mar relations in the transition and post-independence period is the question of immigration. Up to date Australians and most other European expatriates have had a virtually unrestricted ability to live in Papua and New Guinea. It has been Government policy to prohibit non-European expatriate settlement (apart from concessions to the Chinese community left over from German times) and its recent decision on removing discriminatory restrictions on Asian investment recognised a need to avoid unnecessary Asian migration into the Territory. Mr Hasluck in a submission mentioned earlier referred to an objective of preventing alien settlement. This is likely

¹⁶ For background, see footnote 2, Document 161.

to continue to be the general policy of any indigenous government, but its views may not always coincide with Australian practice nor with what we would consider to be in their best interests. An indigenous government might, for instance, be attracted by the availability of low cost teachers from the Philippines or Ceylon; or might easily be induced by Japanese or Taiwanese investors to admit Asian labourers for foreign owned undertakings. It should be possible to retain a guiding hand at least on Port Moresby's immigration practice up to the time of independence, but it may be necessary to make special arrangements for the post-independence period. The provision of overseas consular and visa services for Papua/New Guinea in the immediate post-independence period should help for some time, but the shape and degree of co-operation will probably depend on the extent of consultation that is effected in the broader immigration field.

As mentioned above, Australians have had virtually no real restraints on their residing in Papua and New Guinea. Their protection and rights will however be a major problem for Australia in the post-independence period and will no doubt require the establishment of consular posts in major centres such as Lae, Madang, Goroka, Rabaul, and Kieta as well as Port Moresby. It may be necessary to provide a consular service within the Territory prior to independence should a separate Papua/New Guinea citizenship be created, and the local government begin to legislate against non-citizens or on issues such as land and labour in a way which affects the rights of the Australian business community. There will in any event be some sections and certain expatriate individuals whom indigenous governments will want to expel soon after independence, if not before. There will inevitably be difficulties over missionaries.

On the other hand more acute problems could arise over the rights of Papuans and New Guineans to enter Australia. At present there is a virtual ban on their entry for residence (except for a few categories like those married to Australians) and no Australian government is likely to agree to uncontrolled movement between the two states in the foreseeable future. Up to date there has been little interest amongst the indigenes about rights of migration to Australia, but there have recently been cases of educated indigenes questioning our policy and objecting to their need to obtain permits (or 'dog collars') to visit Australia. This disquiet will most probably grow amongst urban and educated indigenes (even if fomented by idealistic Australians), and could introduce moments of discomfort into official relations. Odd cases of the 'Sergeant Gamboa' type¹⁷ could prove particularly harmful to general relations.

Very few indigenes are in fact likely to want to come here to live, although pressure for both this, and rights of unrestricted temporary residence, will undoubtedly grow as more and more people move to urban areas and receive higher educations. They may object to our policy as racist and unfair and may propose reciprocal restrictions and expulsions of Australian settlers and businessmen. Consideration might therefore be given to establishing a form of special inter-governmental consultation on migration in order to maintain unobtrusive controls on immigration during and following the transition

17 A naturalised US citizen of Filipino origin, Lorenzo Gamboa was in 1948 refused a visa to join his Australian wife and children in Melbourne (memorandum, Australian Mission, Tokyo, to DEA, 25 October 1948, and memorandum, Department of Immigration to DEA, 15 December 1948, NAA: A1838, 1453/334). Following interest in the case from the commander of Allied forces in Japan, General Douglas Macarthur, and excitement in the international press (memorandum, Shaw (then Head of Mission, Tokyo) to DEA, 14 April 1969, *ibid.*), Robert Menzies' government announced in February 1950 that Gamboa would be eligible to apply for permanent residence in Australia (cablegram 36, DEA to Australian consul general, Manila, 17 February 1950, *ibid.*)

period. This could involve regular consultation with Papua and New Guinea ministers and officials to discuss conditions and implications of entry both ways in terms of economic and social factors. At these meetings agreement could be sought on categories of entrants for admission in each direction, and thereby, in return for allowing a small controlled intake of Papua and New Guinea migrants into Australia (which will probably be unavoidable), we will appear to be sharing responsibility for the¹⁸ control with the Port Moresby government. It is just possible that provisions for consultations as outlined above might overcome international objections to an act of self-determination in favour of an associated status without accompanying full rights of immigration (as are given to Puerto Rico and the Cook Islands).

West Irian and the British Solomons

The future of Papua and New Guinea is complicated by questions about future relations with West Irian and the British Solomon Islands. The division of the island of New Guinea into two parts, and the Melanesian people into three or four separate territories, will always be a potential source of political disquiet or grievances for a super nationalist movement. However, at the moment, a distinctive characteristic of the Melanesian community is its lack of traditional links, language or religion, or a hereditary or social hierarchy, the absence of communication between its various villages and tribes, and its lack of ethnic feeling or nationalist aspirations. The latter may emerge later but at the moment it does not pose any problems, except in the confined areas of Bougainville/northern British Solomons, and the Papua/Queensland border.

The likely course of development in West Irian was recently discussed in JIC (Australia) Paper (68) 46.¹⁹ From this it can be seen that while discontent is likely to linger on in West Irian, there is little prospect for the territory becoming other than a poor outer province of Indonesia. Conditions in West Irian may give rise to occasional expressions of concern, and cause excitement in Papua and New Guinea political circles at times; and economic and social disparities between the two halves of the island may lead to problems with refugees and difficulties along the border. There is, however, a lack of public interest about the western half in Papua and New Guinea at present; and unless there is a dramatic development of an indigenous nationalist movement in West Irian, the two parts of the island are likely to drift separately, generally disinterested in each other.

In the event of problems arising over refugees, border demarcation, diplomatic malpractices, or at worst, a revival of Sukarnoist policies, Australia will in all probability be called upon to assist. In such circumstances Australian Governments should anticipate the people of Papua and New Guinea expecting it to accept responsibility for the integrity and borders of the state it either is still protecting or which its predecessors helped create. Popular opinion within Australia will probably tend to much the same view.

On the other hand Australian governments will need to bear in mind international reactions to any action taken in this respect, and the effect such action could have on Canberra/Djakarta relations. Clearly our legal and moral commitments will bind Australia to protecting the integrity of the Territory both prior to and after its independence, but in any circumstances the international positions will be much stronger if Australia is seen to

¹⁸ This word appears to be superfluous.

¹⁹ Not printed.

be backing clearly articulated local views rather than as protecting its own interests with little regard for local popular opinions.

Although West Irian on the surface appears the more likely source of trouble in the transition period, there could be more difficult problems with the British Solomons because of closer similarities of administrative background and introduced language and religions. The latter in fact gives rise to a larger problem which Australia will have to face in respect of the British Solomons, the New Hebrides and the Gilbert and Ellice Islands, when the British terminate their colonial interests in the Pacific. All three dependencies use Australian currency (in the New Hebrides, in conjunction with French currency) and are economically and commercially orientated to Australia. All are basically poor and impoverished, have no indigenous armed forces, are faced with difficult problems of communication, and suffer from a dearth of educated or ambitious indigenes. All three could become an embarrassment and potential danger to Australia if they are left impoverished and without outside material and financial assistance in the future. In the long run at least Australia is likely to be compelled to become the principal source of revenue for the territories (as in effect it already is in the case of the Gilbert and Ellice Islands through purchases of phosphate) as the British are not likely to provide more than a nominal and limited grant to each, and Britain, the United States and France are likely to look to us to assume principal responsibility for their welfare.

The B.S.I.P. on its own could be a potential source of embarrassment for Papua and New Guinea if left as an unendowed and unprotected neighbour, the more so if envious eyes in the southern Solomons look at the rewards flowing to Port Moresby from the copper mining on nearby Bougainville. British administrators in Honiara have in the past referred to the future of the Protectorate as an Australasian one, and have apparently encouraged Solomon Islanders to think along these lines. It is hard to see how any other outlook could prevail there, or in the other two territories.

From Australia's economic and defence point of view incorporation of the Solomon Islands into Papua and New Guinea would seem desirable. A proposal of this nature would probably have easily gained acceptance in both Papua and New Guinea, and the Solomon Islands, a few years ago, and it may be acceptable today but there is no certainty of it being approved in future years. Unforeseeable economic development may lead²⁰ the people of the Protectorate seeing better prospects for themselves on their own, or more likely, in a union of islands including Bougainville; and indigenous politicians in Port Moresby may in the future look on incorporation as implying a thinner spread of Australia's assistance to accommodate people with whom they have had no real contact, and for whom they bear no electoral responsibility. The position is already complicated by the growth of dissident sentiment in Bougainville in particular, and in the other islands of New Guinea in general. Recent intelligence reports indicate that some of the Solomon Island's politicians have been attracted to the idea of union with Bougainville, especially in view of the latter's copper potential; but that ideas of such a union have apparently lost ground amongst Bougainville Islanders to ideas of separate independence or a federal relationship with Port Moresby.

Despite these shifts the fact remains that ethnically the people of Buka and Bougainville are closely related to the peoples of the northern British Solomons, and there are apparently close family links between people of southern Bougainville and of the adjacent Shortland

²⁰ The word 'to' appears to be missing here.

Islands (which lie just south of the arbitrary line drawn to demarcate the British and German territories as part of a deal over Tonga). It may be desirable to seek a permanent adjustment of the border to unify the Shortland Islands with Bougainville at an early date; but any action in this direction will give rise to the problem of the entire Solomon Islands Protectorate. It would be unwise for Australia to condone or acquiesce to secessionist or even federal demands within Papua and New Guinea as this would make it more difficult to promote national unity; it would mean substantial increases in the financial needs which Australia will have to subsidise; it would inevitably give rise to further separatist movements based on whim or selfishness rather than reason; and in the case of Bougainville it could mean the loss of the benefits of the copper mining in the Territory as a whole. One of the worst legacies the Australian Administration could leave behind for a new indigenous government would be a lingering secessionist movement, and from a defence point of view the fewer governments we have as near neighbours the better. The discontent on Bougainville should not be irreversible and could probably be appeased through better local administration and a more beneficial allocation of royalties and other benefits to the island and its people—preferably now rather than after the returns begin to accrue.

Nevertheless this assumption may not prove to be the case, and in any event consideration might be given to whether or not the interests of future Australian and Papua and New Guinea governments might not be best served by an early incorporation of the British Solomons into the existing territory. Such a move would almost certainly weaken the case for secession in the New Guinea islands, especially Bougainville, and offer a solution for the problem of the future welfare of the Protectorate. As mentioned earlier, the trend is probably against such a proposal being acceptable in Port Moresby political circles in the future, but the degree of malleability of the present membership of the House of Assembly is probably sufficient for a proposal to this effect to be endorsed—provided it is first approved by the people or legislature in Honiara. Although an enlargement of the present union would attract attention to the territories in the United Nations, there should not be insurmountable difficulty in gaining approval for incorporation, provided of course that both legislatures have given clear support for the proposal and no dissident group makes a public outcry against it. There is nothing in our Trusteeship Agreement²¹ which would legally prevent a union provided responsibility for administration of the Solomons was first handed to Australia. (Article 5 of the Agreement says Australia shall be at liberty to bring New Guinea into a customs, fiscal or administrative union or federation with other dependent territories under its control ...) ²² In any event the above factors point to a need to consider establishing a diplomatic office in Honiara to ascertain local thinking on future political courses and to influence local officials and politicians to helpful attitudes about future regional relations.

The preceding reference to the Papua/Queensland border raises the question of whether early moves should not be commenced to transfer Boigu and Saibai Islands and their Papuan inhabitants to the Territory of Papua and New Guinea. Both lie just off the Papua mainland and their retention as part of the Torres Strait area of Queensland seems to serve no Australian interest.²³

²¹ See introduction and Document 38.

²² Ellipsis in the original.

²³ See Document 217.

Departmental arrangements

There have in recent times been several public suggestions (including within the T.P.N.G. House of Assembly) that departmental responsibility in Canberra for Papua and New Guinea should be vested in the Minister and Department of External Affairs rather than the Minister and Department of External Territories. Within the Territory these have often been associated with criticism of the degree of control exercised over the Administration by the Department of External Territories from Canberra.

At present there is probably not a strong case for External Affairs to take over the duties of External Territories, but there is a need for closer consultation and co-ordination of policy between the two departments; and for External Affairs and other interested departments to participate in deliberations about what is politically intelligent for the Territory. External Affairs, with an eye to the future and to overseas representations, already has a need for more intelligence about political developments and personalities in the Territory. At present our principal source is the Territory Intelligence Committee constituted under the JIC structure, and not the Department of External Territories. The latter exists essentially and primarily to conduct departmental responsibility in Canberra for Papua and New Guinea (it is also responsible for three small island territories and phosphate matters), and has not been concerned with any breadth in international questions, or for that matter with other decolonisation issues. It is organised to keep a close watch on the use of Australian funds in the Territory, and to carry out many administrative functions that should, in the next few years, be progressively assumed by Port Moresby—if for no other reason than to meet rising aspirations and avoid a growth of political frustration amongst indigenous leaders. If and when the form of Australia's aid to Papua and New Guinea changes from a straight out budget grant and direct expenditure by Australian departments to project aid, technical assistance, tied grants, special services, etc., there will be a case for drawing on External Affairs experience in the management of such aid. Once questions of citizenship and consular facilities become important, External Affairs experience will again have to be drawn upon. When the Territory becomes self-governing (or a state in association) a principal function of government reserved for Australia will be the External Affairs functions. Questions concerning West Irian and the British Solomons will be primarily the concern for²⁴ External Affairs.

As mentioned earlier it will probably be desirable in a few years' time for External Affairs to have a liaison office in Port Moresby to keep the local authorities well briefed on international matters of interest to them. Consideration might however be given to locating an External Affairs office in Port Moresby in the near future irrespective of the timing of the next and future constitutional changes, in order to commence the process of liaison with indigenous politicians and officials, and to provide a source of information and intelligence unaffected by operational administrative matters.

Consideration might also again be given to the early establishment of machinery for closer consultation and co-ordination on policy matters between External Affairs and External Territories (possibly along the lines proposed in 1965); and to anticipating External Affairs absorbing External Territories (except possibly for the island territories which might pass to Interior) at the time when self-government or associated status comes into existence.

[NAA: A1838, 936/1/10 part 1]

24 Presumably, this should read 'of'.

258 MEMORANDUM, DOET (WARWICK SMITH) TO ADMINISTRATION

Canberra, 28 February 1969

House of Assembly: second chamber

In our telex 768 of 29th January, 1969 your views were sought on the desirability, in the event that a Select Committee is established as a result of a motion by Arek,¹ of getting the Committee to look at the question of a House of Review.²

2. The purpose of this memorandum is to canvass the possibility of a second Chamber of the legislature to act in conjunction with the House of Assembly and thereby assist you in your consideration. This matter was discussed briefly with the Minister during the Administrator's recent visit to Canberra when the Minister said that he saw some merit in a House of Review because of the volatile character of the House of Assembly and the importance of due accord and deliberation in legislation.³ A second Chamber based on a regional principle might also assist in promoting national unity.

3. Some notes on bi-cameral system possibilities for the Territory are attached as Appendix 'A' which sets out a general appreciation of the subject.

4. If a second Chamber is created to function purely as a House of Review, probably the most relevant exposition is the British White Paper entitled 'House of Lords Reform', a copy of which is enclosed with this memorandum. Under these proposals, the House of Lords will have power to impose a delay of six months on the passage of an ordinary public bill sent up from the Commons on which there is disagreement between the two Houses. The Lords will still retain, however, the power to upset private bills.

5. It may also be appropriate to compare a possible second Chamber in the Territory to the House of Lords rather than the Australian or the American Senate as the latter are based on representation of sovereign States.

6. The question then arises as to the composition of a second Chamber and whether its members should be elected directly or indirectly.

7. The thought expressed by the Minister that the regional electorates provide a ready-made basis for a second Chamber has been explored to some extent in the attached papers. Regional representation has some attractions in that it may to some extent counter-balance any feeling of distrust at all legislative and governmental activity taking place in Port Moresby. Education qualifications for regional candidates could be eliminated

1 Arek was reported as saying in late January that the 'establishment of a constitutional committee was very urgent' (telex 1102, Hay to Warwick Smith, 14 February 1969, NAA: A452, 1969/1135). (Arek had recently returned from work experience with the Australian Mission in New York and from a tour of African states (for report, see memorandum, UNNY (Rogers) to DEA, 26 February 1969, NAA: A1838, 936/3/19 part 2).) Commenting on the report, Warwick Smith told Hay and Barnes that 'It was possible that Arek had some helpful ideas in mind rather than accelerated advance of political development' (notes on discussion between Barnes, Hay and Warwick Smith, 28 January 1969, NAA: A452, 1969/222).

2 Warwick Smith had commented: 'If in the event a committee is established in the near future it will be necessary to ensure that there is grist for its mill quite apart from constitutional development on the executive side or as you mentioned yesterday experiments in drafting constitutions. To this end we would like to have your view on the desirability of throwing into the ring possible establishment of a House of Review limited in number [to] possibly 20 or 25 perhaps of mixed composition but including a substantial proportion of members elected indirectly probably by Local Govt Councils and, say, 4 or 5 official members but no ... Ministerial or Assistant Ministerial Members' (NAA: A452, 1969/1135).

3 See Document 254.

to ensure that each region had the widest possible choice. Fifteen regional electorates, by themselves would result in a second Chamber which appears to be too small to be effective either in appearance or voice. Regional representation could be increased to a total of perhaps twenty to twenty five on the nexus principle described in Appendix 'A' to achieve a House of Review of thirty elected members.

8. An alternative to a 'Regional House' elected directly would be a second Chamber comprising indirectly elected members. For example, members could be indirectly elected by Local Government Councils; or the Local Government Conference could function also as an electoral college; indeed that Conference itself might have something to offer as a second Chamber.

9. Representation by indirect election to a second Chamber has appeal in that it would be more likely to lead to a predominantly conservative voice in the legislature not swamped by the emotional oratory of young people.

10. There would in any case be some advantages in a second Chamber including a few official members but probably not Ministerial Members or Assistant Ministerial Members who should remain in the principle House.

11. In considering this issue it is suggested that official members of the House of Assembly could canvass the question of a Second Chamber if a proposal is made for a further constitutional committee without any firm decision being reached as to whether such a cause should be proposed positively. If the House wishes to discuss constitutional issues then it would seem appropriate for it to consider the advantages and disadvantages of a second Chamber in depth including possibly visits to some Second Chambers in States, even if it were to come up with the conclusion that a unicameral system remained appropriate.

Attachment

SOME NOTES ON BI-CAMERAL LEGISLATURES AND THE POSSIBLE ADAPTATION OF A SYSTEM FOR PAPUA AND NEW GUINEA

[*matter omitted*]⁴

7. *A second Chamber for Papua and New Guinea*

7.1 COMPOSITION

7.1.1 In Papua and New Guinea there are 15 regional electorates and 69 open electorates. A second Chamber could comprise the 15 regional Members but this number may be too small in proportion to a lower House of 69 even when a few official members (or perhaps nominated members) are included in the upper House.

7.1.2 Using the ratio of 2:1 (the Australian nexus),⁵ the upper House would comprise about 30 elected members. This would require an increase of 15 in the total number of elected members in both Houses and could be achieved by either doubling the existing number of regional representatives or providing for 15 (of the 30) members of the upper House to be indirectly elected. It is not mandatory of course to follow the nexus principle and an upper House of about 25 members compared to a lower House of about 75 (both including official members) could be adequate.

4 Matter omitted includes discussion of upper houses in Britain and Australia, followed by a general examination of the legislative powers and composition of second chambers.

5 The paper had earlier explained the 'nexus' as requiring that 'the number of members of the House of Representatives must always be "as nearly as practicable" twice the number of Senators'.

7.1.3 Any method of selection of members of a Second Chamber seems acceptable provided it is a reasonable democratic method.

7.2 DIRECT ELECTION TO A SECOND CHAMBER

7.2.1 A second chamber comprising some twenty elected members who are directly elected (together with a few official members) could include existing regional members as mentioned above. The present regional electorates could be redrawn to provide for twenty instead of fifteen, or grouped so as to provide for ten electorates each represented by two members, or some other rearrangement to produce the desired result.

7.2.2 The existence of regional electorates may offer a readily available bi-cameral system.

7.2.3 Direct election on this or a similar basis would provide equal representation for all regions in the upper House, thereby promoting a sense of security and national unity. Regional interests would be evenly represented and underdeveloped areas would have a greater voice in Territory affairs.

7.2.4 Such representation could also precipitate however a move towards a federal system and, in their role of direct representatives of the people, members could be dissatisfied with any powers and functions less than that of their fellow representatives in the lower House.

7.3 INDIRECT ELECTION TO A SECOND CHAMBER

7.3.1 Some members of the former Legislative Council of the Territory were elected by indirect election. Six of the members of that Council who were elected by the indigenous population were indirectly elected in that each native local government council in the electorate appointed one or more representatives to vote in the elections. Where such councils did not exist, electoral groups were formed in the areas concerned and each group nominated voting representatives.

7.3.2 This system could be introduced on a wide scale to produce an upper House of the required number and Regional interests would also be represented.

7.3.3 Indirect election to the upper House is by no means uncommon. The practice is observed for example in Eire, Holland, Iceland, West Germany, Norway, Sweden and Switzerland. The method of indirect elections varies as between these countries but usually local governments (States, provinces, etc.) each have a number of votes which are cast in favour of one or more candidates. The number of votes available to each local authority may be a fixed minimum to which is added additional votes proportionate to the population of the area controlled.

7.3.4 Indirect election by members of the lower House is also a possibility which merits some consideration.

7.4 COMBINATION OF DIRECT AND INDIRECT ELECTION TO A SECOND CHAMBER

7.4.1 An upper House of twenty members could comprise ten regional members directly elected and ten members indirectly elected, together with a few official members or perhaps nominated members.

7.4.2 This would probably necessitate a rearrangement of regional electorates and definition of areas in which indirect elections would be held unless it is practicable for the regions and areas to be the same.

7.5 POWERS AND FUNCTIONS

7.5.1 It is clear that almost without exception where bi-cameral legislatures exist only the lower House may initiate money bills. There seems to be no justification for changing this 'rule' in the context of the Territory.

7.5.2 The power to introduce public bills other than money bills in the upper House is quite usual but in practice the power is apparently rarely invoked. A prerequisite for this power would be representation in the upper House by the government.

7.5.3 While it is envisaged at present that a few official members would occupy seats in a second Chamber in the Territory in the event that a bi-cameral legislature is established it would be inconsistent with Government policy for Ministerial Members to be removed from the area where traditionally, and in practice, the more responsible activities of government take place—that is to say in the lower House. Furthermore, the role of official members in a second Chamber would be largely that of presenting the Government's view during debates. They would also be responsible for introducing public bills sent up from the lower House.

7.5.4 Little need is seen therefore for a second Chamber in the Territory to have the power to initiate public bills.

7.5.5 Private members bills are usually rare and there seems little reason to deny members of a second Chamber the right to initiate such bills. There would have to be safeguards to ensure that only members who are elected (either directly or indirectly) would have such a right as these would be the only members who could claim to be the peoples' representatives.

7.5.6 It has been pre-supposed that all bills would have to pass through both Houses and receive assent to become law.

7.5.7 Provision would have to be made in respect of all bills in cases of disagreement between the Houses. A variety of arrangements exist in the various parliaments which might be useful as a guide to a body set up to examine the pros and cons of a second Chamber in the Territory. It is not proposed to discuss them in these notes. It seems sufficient to comment at this stage that a Territory second Chamber might reasonably have delaying powers only on public bills sent up from the lower House (e.g. one month on money bills and six months on other bills) and perhaps the veto powers on private members bills. The lower House would similarly have veto powers on private bills sent down.

7.6 FUNCTIONS

7.6.1 Besides functioning as a House of Review on legislation sent up from the lower House, a second Chamber in the Territory might perform functions such as:—

- providing a forum for full and free debate on matters of public interest;
- maintaining an oversight of the A.E.C.'s regulation-making power;
- considering subordinate legislation;
- keeping itself and the public informed on the administration of laws.

7.7 TERM OF OFFICE

7.7.1 The term of office of members of a second Chamber is usually the same as, or a multiple of, the term of members of a lower House. The life of the House of Assembly being four years, the term of office of members of a Territory second Chamber would—on that basis—be four or eight years.

7.7.2 It may be thought that eight years is too long a period particularly in the light of increasing political development in the Territory now and in the next decade or two.

7.7.3 The question of whether the rotation retirement principle should be adopted would have to be examined and may affect consideration of the term of office.

7.8 QUALIFICATIONS OF MEMBERS OF A SECOND CHAMBER

7.8.1 Existing education qualifications for regional electorate representation could be maintained for at least the first election. Electors are familiar with present practice and its continuance may add prestige to an upper House.

7.9 PRECEDENCE AND STYLE OF THE PRESIDING OFFICER OF THE UPPER HOUSE

7.9.1 The President of the Australian Senate comes immediately after the Prime Minister.

7.9.2 The style President⁶ may be appropriate for the Presiding Officer of a second Chamber in PNG. Although this style was used in the Legislative Council in PNG, this seems not to be valid and sufficient reason for not using it again.

7.9.3 The style may smack of autonomy but nevertheless helps to establish the relationship between two Chambers where in the House of Assembly the Presiding Officer is the Speaker.

7.9.4 On the other hand the style 'Presiding Officer' may be appropriate.

7.10 NAME OF SECOND CHAMBER

7.10.1 The name of the second Chamber could indicate its purpose—this alone could afford an explanation of sorts to many electors of the reason for its creation.

7.10.2 The term 'Legislative Council' (compare Legislative Council in States) seems unattractive for use in PNG presenting as it may an image of a subordinate House—the House of Assembly being an advance on the previous Legislative Council.

7.10.3 Possibilities are—

- House of Review (if second Chamber's powers are so restricted)
- House of Regions (or Districts)
- The Upper House (or Chamber)
- Chamber of Regional Representatives.

7.11 OTHER CONSIDERATIONS

7.11.1 The establishment of a second Chamber in the Territory could result in—

- development towards a proven system of government and avoidance of a unicameral system, the end-results of which have often been arrogance, despotism and tyranny.
- an avenue being presented by which delegation of powers from Port Moresby to the Districts or Regions might be pursued or achieved in that District of⁷ Regional autonomy in specified functions could answer complaints of centralisation of control while tending to concentrate activities of central legislature on broader issues affecting the Territory as a whole.
- substantial expenditure both capital and ordinary.
- slowing down of the passage of bills and provide for a cooling-off period.
- wider appreciation of national issues while maintaining a forum for parochial views to be expressed.

[NAA: A452, 1969/1135]

⁶ Presumably, this word should have been given quotation marks.

⁷ This should perhaps read 'or'.

259 LETTER, HAY TO BARNES

Port Moresby, 28 February 1969

CONFIDENTIAL

On 31st January, 1968, I wrote to you giving certain observations on policy matters which had occurred to me in my first year as Administrator.¹ You told me orally that you were in full agreement with them. I therefore felt that I had authoritative guidance on certain broad policy issues to serve as a basis for directing the Administration's efforts in 1968.

In this letter I shall review the conclusions of my earlier letter in the light of developments during 1968 and seek your broad endorsement of them as guidelines for Administration activity in 1969.

My first conclusion of a year ago was—

‘that economic development in the wide sense is the most important thing for the Territory and should continue to receive priority attention’.

There were two subsidiary conclusions—

‘that economic progress is bound to be slow and even partial viability many years off’; and

‘that correct economic policies need public support. A special effort is needed to make development a national task which captures the public imagination’...²

Certain qualifications were mentioned in my supporting text, notably a suggestion for ‘some slowing down in the present forced pace of economic development, with a consequent reduction in some of the social strains involved’.

The year 1968 has seen the completion of the Five Year Programme, the endorsement by the Commonwealth Government and the House of Assembly of its objectives and targets as a guide to planning and certain mutually conditional financial undertakings by the Government and the House.³ The year has also seen for the first time the magnitude of the potential economic benefit to the Territory and the Australian taxpayer of a successful exploitation by C.R.A. of the Bougainville copper deposits. As you told the Australian parliament ‘If the project goes ahead and is successful it could make a dramatic contribution to Territory revenues and export earnings in the final year of the plan period’. Economically the Territory went ahead satisfactorily in 1968, with the exception of certain aspects which I shall name below. Agricultural production was generally up, there were very favourable prices for cocoa and copra, new plantings of coconuts, cocoa and tea, particularly in the indigenous sector, were up to target. The oil-palm project in New Britain is ahead of schedule and a second project on a similar scale is in sight. Interest in the development of new light industries is increasing. Mr. Gordon Darling (a Director of B.H.P. and a personal investor in the Territory with a fairly penetrating approach described conditions in November as booming). The exceptions were the forest industry (where, partly due to unfavourable market conditions in Japan which may be temporary, logging firms were in trouble and two large new prospects, Gogol and Vanimu, failed to

1 Document 155.

2 Ellipsis in the original.

3 See Document 246.

attract overseas investors), the shortage of land for both rural and industrial development, the feeling on the part of Papuans and New Guineans that the plan is something foreign in which they are not really involved and from which they do not stand to benefit.

This brief and necessarily selective analysis causes me to modify my previous (1968) conclusions only to the extent that the long term nature of the development process could be changed if C.R.A. is successful in Bougainville. The benefits of C.R.A. success to the Territory economy and the size of the Australian taxpayers' commitment are such as to require very special efforts to avoid these benefits being jeopardised by Bougainville seceding.

I am bound to report that the special effort which in 1968 was needed to 'make development a national task' has not been effectively put in train. In part this was due to lack of public relations resources. In part it was due to the fact that the development programme did not receive approval in the House until late in the year. The fact remains that we have not secured Papuan and New Guinean involvement in the success of the programme. Indeed Pangu and its supporters are taking the opposite line, that the programme is 'only for the whites'. Independently of Pangu opinions, I have come across feelings of resentment at the way trading licences are snapped up by the Chinese and Australian businessmen, at the fact that the bigman of the Highlands is expected to grow tea on a ten acre block and cannot borrow from the Development Bank for his labour costs while his Australian social equals get large blocks and do no physical work themselves, at the lack of indigenous capital and expertise for starting new small scale industries. I have also been struck, in discussions with Local Government Councillors, by the lack of understanding of what development is about; so much so that on several occasions I have had to abandon the idea of explanatory and exhortatory statements to them on the programme. To this has to be added the difficulty of persuading even the better educated people in the wealthier rural areas that a national project such as the Highlands highway or a Court building or a high school is valuable and important even though it is not being constructed in their own district. Finally, one of the essential conditions of an accelerated development programme is the presence of foreigners, for the most part Australians, whose remuneration and standard of living is markedly higher than those of Papuans and New Guineans with whom they are in frequent contact. Not all of these foreigners are sensitive to the feelings of Papuans and New Guineans. Those who work for the Government can claim that their presence is essential. A similar claim can be made for those who invest money in productive activities and those who provide important services, commercial and otherwise. They increase production. They pay their taxes. They provide employment and thus help in the process of transferring Papuans and New Guineans from the subsistence to a cash economy. However, too few of them are conscious of the need to share in the development task in ways which will help disperse the feelings of resentment which their presence and standard of living engender.

These factors suggest that more needs to be done in 1969 and the following years to involve Papuans and New Guineans in the process of economic development generally and in the actual five year plan. The Commonwealth Government has not at any stage set itself against tempering some of the harshness of the World Bank report's economic doctrine by allocating resources to areas and activities not strictly justifiable in economic terms.⁴ But more needs to be done. I suggest the following lines of approach.

4 See introduction for discussion of the report.

- (a) A substantial increase in the rural development fund and its distribution to districts on a per capita basis with some weighting in favour of the districts with least productive capacity and also those where distances are a problem. Such a measure would enable the Administration to publish its allocation to districts and would help to mitigate the present feeling that some remote districts are neglected. The condition that rural development funds are only available for projects for which funds are also contributed by Local Government Councils would continue to apply.
- (b) A greater say for Local Government Councils and District Advisory Committees in rural development projects and other purely district elements in district development programmes.
- (c) The creation of an indigenous investment fund for the purpose of investing in profitable Territory enterprises and for establishing indigenous businesses. Consideration has been given to the idea of an investment trust or similar institution, but there has been no solution. A priority needs to be given to this.
- (d) Encouragement of public companies to seek indigenous shareholders, and of both public and private companies to put Papuans and New Guineans on their boards of directors. There has been a good deal of talk about this but, so far as I know, no action.
- (e) A higher priority to small business training, through the Business Advisory Service and the Co-operative Training College. A Small Business Training Institute is in this year's works programme for Port Moresby, but work in⁵ it and also decisions on the Co-operative Training College and on staff for the Business Advisory Service are lagging. Chambers of Commerce need to be brought into the field of small business advice and training.
- (f) Localization is as important in the economic sphere as it is in the Public Service. There are real difficulties in this because of the financial consequences of localization to private business in cases where it fails. There is no doubt to my mind of the willingness of private business to promote localization, but there is a deep-seated feeling of caution as to how far the process can safely go at the present stage. Certain large companies, e.g. C.R.A., are setting an example. Others, like some banks, are lagging. But the situation is not easy and blame should not be attributed. The Administration should encourage private business to localize and offer its help in such matters as training.

Continued pressure should be kept on Departments to get on with the carrying out of their part in the development programme, including obtaining approvals in good time for projects on capital works related to the fulfilment of targets. I have given a good deal of thought to the question of whether some special organization, such as a Development Commission, should be created for this purpose. My conclusion is against it. For the most part, the programme falls clearly within duties of individual departments. The relatively few projects which can be isolated from departmental functions are, and for the foreseeable future can be, handled by staff in the Administrator's Department. Responsibility for keeping up the impetus of the programme should rest with the Administrator, working through the I.D.C.C. for command and co-ordination purposes. A high priority will be given to translating the programme into its district components and to the marshalling

⁵ This should presumably read, 'on'.

and allocation of resources and the co-ordination of departmental activity, at district level. In terms of drawing up district programmes I allocated responsibility to the Economic Adviser,⁶ and have arranged for his staff to be strengthened accordingly.

So far as political development is concerned, the year 1968 was satisfactory enough. I remain convinced 'that a slow rate of political development is best suited to the Territory's present capability'. The reason for this is the manifest lack of an indigenous framework—political, administrative and economic—on which to build. It goes without saying that the construction of that framework is of the utmost importance. The main political factors at work during 1968 tend to indicate that most leaders in the Territory are of the same mind. The most articulate expression of advanced thinking which came to my notice during the year was contained in statements to the June House of Assembly meeting by the Pangu leaders, Messrs. Somare and Voutas.⁷ They introduced only one new concept, that of early Home Rule. By this they meant a state of affairs in which the constitutional rules remain as they are now in the Papua and New Guinea Act but in which party has a majority in the House and therefore in the A.E.C. This would give the majority party a good deal of influence in the government without involving any transfer of basic authority from the Australian Government. Pangu sees this as a step short of internal self-government which, in turn, is quite separate and distinct from independence. Pangu did not officially in 1968 (nor did any other organized body of opinion) come out in favour of a publicly announced programme of target dates for forward movement towards a date of self-determination (although its Secretary⁸ has expressed what I take to be a personal opinion in favour of it, without himself specifying any such dates). Pangu has, however, contested your statement of basic policy that in political development movement should be 'at the pace wanted by the majority of the people'. Their hope, naturally enough (and it receives support from some advisers and from the 'Australian')⁹ is that the pace can be made in political affairs by the minority elite, an ill-defined term, the scope of which takes in predominantly the younger and better educated element of the community.

The attitude of leaders outside Pangu remains cautious. Many people believe that self-government means the departure of Australians and the running down of Australian aid. The Highlanders fear that early self-government would leave them at the mercy of the better educated coastal people. They do not distinguish between self-government and independence. People like the Ministerial Members are conscious of the amount they have yet to learn before they can confidently master their work. I have found a similar diffidence in the more senior public servants and even among University students.

At the same time there were developments in 1968, some new, some not, which could lead to pressure before long to force the pace. I identify these as follows:

- (a) The election to the House of Assembly in 1968 of a number of younger members who, while feeling their way now, have a background which could cause them to become radical for negative reasons (e.g. anti-European, disillusionment with present system). Amongst them, I include Paulus Arek and Olewale from Papua, Traimya¹⁰ from the Highlands, Kaniniba from the Mainland, and Julius Chan from the New

⁶ A.W. McCasker.

⁷ See Document 200.

⁸ Maori Kiki.

⁹ That is, the *Australian* newspaper.

¹⁰ Traimya Kambipi, MHA, Kompiam-Baiyer open electorate.

Guinea Islands. These men are sensitive to the opinions of the younger educated group. They could well feel that the present system fails to provide them with what they want for their electorates and that they could do better themselves if they had the power.

(b) The fact that Papuan and New Guinean leaders, both in politics and the Public Service, have not become identified personally with major policies. The Administrator's Executive Council and the Government are still 'they' and not 'we'. The rural leaders are not aware that the resources of the Government are dependent on the taxes which the Territory pays. The Government indeed is often regarded as having a store of abundant wealth to which it is the business of a Member of the House to gain access.

(c) The social tensions due to the forced pace of economic development, in particular the differential wage policy. These tensions are increased by thoughtless actions of insensitive individual expatriates. There is, in these tensions, an element of 'cargo' thinking which leads some people to suppose that the 'whiteskins' have the wealth and deliberately withhold the secret of how to acquire it.

(d) The feelings of dissatisfaction in a number of districts with the development resources allocated to them. I have found these feelings in the majority of districts, including two in the Highlands (Chimbu and Southern Highlands). These feelings tend to strengthen long standing tendencies towards fragmentation in the Territory which are in most districts not far below the surface and which in 1968 erupted in East New Britain and Bougainville.¹¹ Separatist movements are factors which will force the pace of political development.

(e) The tendency of ambitious and dissatisfied persons to exploit feelings of dissatisfaction, indeed to create them, for personal or political gain. This is inevitable. On the whole the House has been free of manifestations of it in the last year, the same applies to the student group. But P.S.A. leadership has had some influence of an inflammatory nature. This may well grow. We must also expect attempts from outside to stir up students—high school and teacher groups.

(f) The 'anti-Canberra' feeling in the House of Assembly. This feeling is specifically directed against the Department of External Territories, it is not often directed at yourself as Minister, nor against the Commonwealth Government, nor against Australia. I have drawn your attention to this feeling in separate communications. It was strong in the former House. It has been evident in the present House and in the debate on the Lussick Bill¹² and in Pangu statements. It is due to, in part, a failure to recognize the facts that ultimate responsibility for the administration of the Territory remains with the Commonwealth Government and that this involves a severe limitation on the legislative powers of the House of Assembly. Where this limitation becomes evident (as happened during the Lussick Bill debate) the House tends to see its origin in a lack of respect for the House on the part of the Government. It is due in part to feelings of frustration on the part of individual members who cannot obtain decisions which go their way on matters of importance to their electorates. Naturally enough there is a tendency to blame the ultimate source of the decision, and to conclude that things would be better if decisions were made in the Territory. It is important not to over-emphasize this 'anti-Canberra' feeling. For a start, I do not

11 See, for example, Documents 223 (footnote 1), 230, 234 and 247.

12 See editorial note 'Tensions in the House: the Chatterton and Lussick bills'.

think it is held by responsible persons such as Ministerial Members. On the other hand it would be wrong to take it too lightly. In my view the Government and the Administration should exercise great care, in its handling of relations with the House, particularly when there are differences over important matters of policy, to avoid provoking emotional reactions by a lack of sensitivity and flexibility.

In order to contain these pressures and to regulate the pace of political development, we need in my view to involve the people through their leaders to a greater extent, and more visibly, than before in the making and carrying out of major decisions. The measures to be taken which I have in mind need to be consistent with broad Government policy. Because there have been some differences of emphasis in various public statements of policy, I set out below my understanding of it so that if necessary that understanding can be corrected:

- (a) The basic policy is self-determination.
- (b) In the meantime the Territory is in a transitional stage, on a course towards internal self-government. During this stage it is the Government's intention progressively to enlarge the measure of self-government. It is doing this by encouraging the elected Members of the House to share in the decision making processes. At a later stage, actual devolution of power is envisaged.
- (c) After full internal self-government has been achieved, a further period of time would probably be desirable to provide experience in the exercise of responsibility prior to self-determination.
- (d) During the transitional stage final responsibility must remain with the Commonwealth Government. Indeed this situation applies so long as the Commonwealth continues to be the Administering authority.
- (e) The rate of progress towards internal self-government and in due course self-determination, as well as the act of self-determination itself, should reflect the views of the majority of the people. The Commonwealth is firmly opposed to setting political target dates. Also, the Commonwealth believes that without substantial economic self-reliance, self-government or independence would be a mockery. Further, the Government objective is balanced development—economic, social and political. The Government believes it is going as fast as possible in the light of the policy of balanced development, and it will not be stampeded into going any faster.

In this analysis, I have pointed to two features of the present transitional stage. The first feature has been variously described by you as:

- (a) Territory elected representatives taking an increasing share of responsibility for decisions.
- (b) Decisions being shared between the elected representatives of the Territory people and the Commonwealth. This sharing of responsibility for decision making has been qualified by you in respect of the budget. You have emphasized the requirements for the Commonwealth to determine the broad strategy of the budget, and to be in a position to influence and finally control the disposition of the Australian taxpayer's money. It is only within this context that final responsibility within the Territory for advising the Administration on budget policy and planning rests with the Administrator's Executive Council. More financial autonomy will be given as the Territory's capacity to contribute to its own revenues increases.

The second feature is the actual devolution of authority to Ministerial Members individually or collectively to the Administrator's Executive Council, and in all except reserved fields.

I have set out this background in some detail in order to discuss how greater involvement can be secured without deviating from Government policy.

Given that there is as yet no devolution of decision making authority to persons in the Territory, involvement can only come through effective sharing of decision making authority. The following ways are open:

- (a) effective consultation in the process of which the Commonwealth is in fact open to influence by Territory elected representatives;
- (b) use of the formal 'advice' procedure in the Administrator's Executive Council when policy matters, such as the budget, are under discussion;
- (c) delegation of authority, including financial authority, to Ministerial Members, individually and/or collectively through the A.E.C.

So far as budgetary and financial decisions are concerned the options open for 1969–70 for increasing the Territory share of responsibility are therefore:

- (a) more effective consultation on policy matters;
- (b) refraining in practice from exercising control in certain areas of detail; and
- (c) as a new step, putting the budget discussions in the Administrator's Executive Council on a more formal basis than before, by seeking the formal advice of the Council.

I have already made (separately) certain suggestions which will open up the possibility of more effective consultation within the agreed programme of budget preparation. It is essential that consultation extend to the budget strategy. I accept the need in present circumstances for the Commonwealth to determine, as distinct from agree to, the broad strategy. But we must avoid a situation in which the strategy appears to have been imposed by the Commonwealth Government.

My second suggestion is that you, as Minister, refrain from exercising direction on matters of detail or relating to the putting into effect of the approved budget strategy. There are many instances in the preparation of a budget where a choice has to be made between approved activities for all of which funds are not available. A priority has to be set between competing departmental demands for recruitment and housing or between competing capital works proposals. I believe a good deal of the responsibility for such choices should be left to the A.E.C. It may in due course be possible to formalize what I have called 'refraining from the exercise of direction' into a delegation. I do not see that as a condition or a pressing need. The financial delegations to the A.E.C. already in train will go part of the way, but not all, towards meeting this point.¹³

I see the third step mentioned above as the most important. So far budget discussions have been brought before the A.E.C. as matter for consultation rather than advice. This has been deliberate. It has allowed for greater informality of discussion. It has avoided a situation¹⁴ which a disagreement would have to be formally reported to the House of Assembly. The disadvantage has been that this practice has not fully and formally engaged the elected members

¹³ See editorial note 'Administrative delegations and the role of Assistant Administrators'.

¹⁴ The word 'in' appears to be missing here.

of the Council. It is another thing to say that the Administration is acting with the formal advice of the A.E.C. The members of the Council would be bound by that advice and would therefore have to accept publicly a greater responsibility for it than in the past. This would be (and would be so regarded) a step towards greater involvement of the A.E.C. in budget decisions. On the other hand, the danger of a confrontation with the House in the event of the Commonwealth Government not accepting the A.E.C.'s advice would be more serious.

Involvement can come in the non-financial area in much the same way as in the financial area, by greater consultation, and by the greater recourse to formal advice from the A.E.C.

There has probably not been enough time since the new A.E.C. came into being to develop the degree of consultation which would influence the involvement of elected members in the Government's policies. Not only the 1968–69 budget but also the five year development programme were well advanced before they could be put to the Council. Other decisions affecting the Territory were taken before the A.E.C. was consulted, notably the decisions on Asian investment¹⁵ and on longline tuna fishing. On the other hand, it is fair to say that there was full consultation on the Lussick Bill and on such important policy matters as economic rentals and amending land legislation.¹⁶ The disposition to consult is evident. There is no reason why the process should not continue on a bigger scale. A particular area where this could be done is legislation. I have separately recommended through the Department that we should move to the position where all legislation be to¹⁷ go to the A.E.C. both in regard to policy issues and in regard to the final drafting.

It is problematical whether consultation is sufficient, even if developed more fully, to secure the involvement which I have suggested is necessary. One of the troubles is that consultation with the A.E.C. is confidential, and the House and the public are not told what views are expressed by Ministerial Members nor are they able to judge whether the Commonwealth Government is ever influenced by A.E.C. views. It is for consideration whether at some time in the future you should include in a speech or statement a passage about this and express the Government's intention, as a normal rule:

- (a) not to take any major decision without having before it the views of the A.E.C., and
- (b) to 'enter into discussions with A.E.C.' before taking a decision that differs from its views.

There are other ways by which the measure of internal self-government can be progressively enlarged during the transitional period and before the process of transfer of authority begins. They mostly lie within the scope of your own authority under Section 25 of the Papua and New Guinea Act.¹⁸ One which I now recommend is the appointment of two more Assistant Ministerial Members. A suitable time to do this would be mid-1969, after the first effective year of the present House. It would be useful if you would agree to announce now your intention of doing this so that¹⁹ Ministerial Nominations Committee could be called together in good time. Later in 1969 it would be possible to review the relative authority of Ministerial Members and Departmental Heads with a view to adjustment in favour of the former.

15 See Documents 211 and 232.

16 See Document 226.

17 Presumably, the words 'be to' should be omitted.

18 See editorial note 'Changes to the Papua and New Guinea Act'.

19 The word 'the' seems to be missing here.

But my own disposition is to recommend that more attention be paid in the present circumstances to the collective responsibility of elected members through the A.E.C. rather than to their individual responsibilities.

Greater involvement carries with it some risks, in particular the risk of upsetting what you may feel to be the correct balance between sharing the decision making process and maintaining the Commonwealth's ultimate responsibility. The area in which this risk is the greatest is that of the relations between the Government and the Administration on the one hand and the House of Assembly on the other. I expressed my concern, which I reported on the fate of the Lussick Bill in my letter to you LH.2571 of 2nd December,²⁰ at the possibility of frequent confrontations between the Government and the House. I felt then, and still feel, that the Government should be flexible in its reactions to even some of the more hasty majority decisions of the House. In your reply you stressed the necessity for the Government's basic policy to prevail and for official members to play their part in ensuring that this happens.²¹

The point that with all respect I feel bound to emphasize is this. There is no question of the legal and constitutional authority of the Commonwealth which in the last resort can be exercised through the reserve powers in the Papua and New Guinea Act. Nor is there any question of the duty of official members in such circumstances. But a great deal depends on the methods used by the Government to get its way in the admittedly difficult situation where in the House the elected Members are in a vast majority. The ideal to be aimed at is that because of prior consultation the elected members find themselves willingly supporting legislation to give effect to basic policy. Indeed this is the only set of circumstances in which the Government's policies will be carried out successfully. Imposed policies will not succeed. This is why, in this letter, I have given such emphasis to the need for involving elected Members in what the Government is doing. To adopt a take it or leave it attitude on important matters in the House, will, to my mind, do more than anything else to bring about premature movement towards self-government for emotional reasons.

I shall be replying in more detail to your letter, but I think it essential to make this general point now. There has seemed to me to be a danger of the balance between sharing in decision making and retaining the Commonwealth responsibility tilting too much towards the Commonwealth with repercussions that will adversely affect the putting into effect the Government's general policy.²²

I have written so far of involvement of elected members of the House. The need goes further than this. Local Government Councils are already being given more responsibility and this

20 See editorial note 'Tensions in the House: the Chatterton and Lussick bills'.

21 Final not found. An undated draft is similar in substance to Document 253. On Hay's contention that confrontation should not develop, the draft retorted: 'There may be some areas where this attitude would apply but definitely not in basic policy. The Lussick Bill involves basic Government policy and there can be no compromise on the proposals put forward by the House' (NAA: A452, 1969/152). For a draft of 17 December 1969 on Warwick Smith's personal files, see NAA: NA1983/239, 48/5.

22 Hay has commented on the differences he had with Barnes and Warwick Smith over the House of Assembly: '[In their view i]t was better—as a matter of tactics—for the Administration to stand firm and suffer defeat in the House ... and then rely on the powers of the Commonwealth Government to amend or reject [legislation] ... This was a pretty fundamental difference of opinion and I don't think they ever moved from it, nor did I ... official members really had no give on ... tactics. It seemed to me that there was a ... feeling on the part of people in the Department (and I have heard one or two of them say it) that the House of Assembly really had to be thumbed down occasionally just to show who was who ... I was forced to give these instructions to the official members who ... were very reluctant because they often felt that a little bit of give and take could have got the great bulk of the Government's policy through, with a little loss around the edges, but without any ill will that goes with trying to discipline, as it were, a body of adults who were very independently minded and very vociferous' (Hay interview, 1973–4, NLA: TRC 121/65, 7:1/11–13).

process should continue. I propose also to give a higher priority to introducing urban local government. This is already the subject of exchanges between the Administration and the Department. Finally, a new programme of political education is being undertaken.

Involvement is not the only thing which will regulate the pace of political development. It will be affected by our success or otherwise in maintaining national unity. Because this is the subject of current exchanges with the Department I do not pursue it further in this letter, other than to affirm that it will have a high priority in the attention of the Administration.

I turn back now to two other points which I singled out as characteristic of the past year. One of these is the question of social tensions. Looking back, I believe that there was less stress in 1968 than in the two previous years. When I left the Territory for Australia, not only the intelligence machine but also private contacts who normally have a good feedback from indigenes, told me that things were quiet. Within the P.S.A. which tends to stir up tension through its vicious and vituperative methods, there has been dissatisfaction and this has manifested itself in sharp oral attacks on Members. Generally this has not taken a racial tone. But the differential wage system is likely to remain a source of friction, or worse, until enough indigenes are occupying top positions to make it obvious that we are not, as it were, keeping back cargo from the indigenes. If the P.S.C.²³ carry out their announced intention of putting up a new wage claim for local officers across the board in 1968, we must expect tension to rise, at any rate in the urban centres. Measures to contest this are localization; greater care on the part of government and private enterprise in the selection of employees to come to the Territory; more selectivity in the issue of permits to persons who may come to the Territory with the deliberate intention of stirring trouble (for example, among students),²⁴ and finally, better communication between the Administration and the people. I have already spoken to you of the advantages I see in the use of psychological testing as a selection aid, particularly for field staff, and I hope you will support this. There are some weaknesses in the procedures for the issue of permits and I shall be taking these up separately with the Department. Better communication has been a major concern since my arrival in the Territory. Much remains to be done before the Administration's machinery for communicating its views and for determining how best to do this are functioning effectively. This requires, and will receive, priority attention.

The second point is the dissatisfaction of people in districts other than the Central District with their share of resources and also with the treatment they receive from Port Moresby. I do not think the feeling is any stronger than in previous years, but it exists and affects peoples' thinking. Although it has for the first time manifested itself in the form of organized separatist or independence movements, there are indications that these feelings of dissatisfaction may crystallize in demands for some form of statehood. These demands could become more vocal in 1969.

In my opinion this kind of development should not affect the important requirement of which I wrote a year ago, when I said:

'the thing which clearly emerges from a study of economic development is the need for firm government at the centre. This is required in order to put the necessary economic policies into effect. It is also required for another reason, namely to forestall a tendency towards fragmentation'.

Acting on the basis of this statement, I have discouraged the development of identifiable administrative or economic regions and also the amalgamation of Local Government

23 This should perhaps read 'P.S.A'.

24 See Document 254.

Councils into bodies which could become embryonic state governments. It has been pointed out, by, for example, the Committee on Administrative Procedures, that administration might be more effective if regions were created and if powers were delegated to regional officers. Expert opinions differ on this. The administrative expert in the U.N.D.P. Transport Survey has, for instance, told me that regional works engineers are in many cases a delaying factor in communication between the central government and the district. I see advantage in departments having in their head offices inspectors with regional-type responsibilities and interests. But the broad political reasons for a strong central government when the task is to develop a fragmented Territory of this kind with inadequate resources are to my mind overwhelming. As a corollary, I propose to retain the district as the basic administrative unit. Some rationalization may in due course be needed of the different populations within their present boundaries, but I do not propose to follow the course of amalgamation.

Since pressure for some further local say in district affairs is likely to grow in the future, and because excessive centralization is administratively unsound, I have been seeking ways in which more authority can be delegated to districts. You have approved increased financial delegations to District Commissioners. I have separately suggested a substantial increase in Rural Development Funds to be available to districts. I have arranged for Local Government Councils and D.A.C.s to have the maximum consultation before the D.C.C.s²⁵ and that District Commissioners make recommendations on the disposal of these funds. A further avenue for increased delegations is departmental functions, notably the disposal of land. I propose to look into the possibility of this.

I am hopeful that this increased delegation of authority, together with good communication can contain the pressure for statehood. If it does not, or if a worse case occurs, such as a serious move on the part of Bougainville to separate off and become independent, then the Government ought to consider the economic consequences for the future of the remainder of the Territory before permitting it.

I now turn to the social aspects of the Administration's task in the Territory. It is part of the policy of balanced development that resources be available for social development. The problem, when we lack sufficient resources for economic development in any event, is to determine which areas in the social services groups should get priority, and what total resources they should get. The World Bank Report provided certain guidelines. Education is vital because it produces the trained and qualified manpower without which development could not occur. Funds for Health can be limited. Up till now funds have not been provided for any expansion of welfare, community development and adult education activities, which are on a rudimentary scale. Recent exchanges between the Territory and the Department have covered such matters as low-cost housing, integrated housing, urbanisation and the need to provide opportunities for displaced boys and girls whose schooling and age do not readily qualify them for jobs. The new Department of Social Development and Home Affairs will provide a focus for the further study of these matters. A strong claim for further resources is being made by the legal profession and in the interests of future stability I believe that we need to review this. Another area where I believe insufficient resources have been available is that of the preservation and study of indigenous culture, history, fauna and flora. I have placed certain proposals before you to that end.²⁶ I regret that the reaction has so far been unfavourable. I propose to pursue this matter further in correspondence with you, because our good name as an Administering Authority will much depend on our efforts in this field.

25 District Co-ordinating Committees; see footnote 4, Document 72.

26 See Document 254.

The story so far is largely one of wholesale pillage of the cultural property of the Territory in the interests of a few traders who have bought valuable objects for pitifully low prices and sold them overseas for exceedingly large profits.

I referred in my 1968 letter to relations between the Administration and the Department and also the need for greater delegation to the Administration. I do not in this letter propose to address myself in detail to these matters. But I am bound to report that the working relationship between the two organizations which serve you were not as smooth in 1968 as they were in 1967. It is no less important for officers in the field than it is for elected Members of the House to feel that their views are respected and their knowledge made use of. There has been amongst senior officers a feeling of frustration which is not related to Government policy but to the delays in obtaining decisions on implementation, particularly, but not only, in the New Works area,²⁷ to what I term a disposition on the part of departmental officers to intervene in administrative matters, and also to a tendency on the part of departmental officers to insist on introducing new (and often valuable) concepts into projects already in train, with resultant delays. I have reported to you the state of feeling of Departmental Heads in respect of their claim for reclassification. I have been concerned at the long time this has taken to reach finality, even though the outstanding points of principle were decided by you in October, 1968. Had the attack been a joint one (as happened when in mid-1968 the matter was given a high priority by the Department) the paperwork would have long ago been completed. In the New Works field the Administration has not been able to achieve its targets. Again this situation has been due to delays in getting decisions. Some of this has been the fault of poor preparation, but I believe that if there was a sense of urgency about getting things done and a better understanding of administrative method and more joint attacks then the record would have been better. As I have said privately to you, the Government will be judged very much by its success in getting things on the ground. In many cases the costs of delayed decisions are greater than the amounts which might have been saved by marginally better schemes. This is missing the wood for the trees.²⁸

As you said in your original letter of appointment to me,²⁹ the possibility of tension arising when two sets of officers are closely concerned with overlapping aspects of the same tasks is bound to exist. This is true. The important thing is not to let these things affect the quality of work done for the Government. It is also important to take what steps are possible to ensure the smoothest possible working relationship.

You may be sure that I and other senior members of the Administration will do our best to this end.

I am sending a copy of this letter to the Secretary.

[NAA: A452, 1967/7354]

27 See editorial note 'Administrative delegations and the role of Assistant Administrators'.

28 Hay has remarked that 'there was a considerable degree of frustration on the part of senior officers in Port Moresby ... It arose ... from the practice in the Department of re-doing all works proposals virtually from scratch within the various branches of the Department. This was a time-consuming operation. It was justified on the basis that it was the Department's job to pronounce on the proposals which came in from the Administration and separately to advise the Minister on them. I ... never agreed with this. I had always believed that the most expeditious way of handling these proposals was for a joint appraisal [see Document 144] ... I had never agreed that the Minister ought to interpret his ... responsibility to Parliament as requiring him to take decisions over all the area of Government. I held ... that a Minister was quite entitled, if he delegated, to indicate in some cases something less than 100 per cent support of administrative actions taken under the delegation—if there was strong criticism of them. The Minister, however, took a very upright line. He would stick up for everything that had been done by his staff. This was consistent with his interpretation of his responsibility to Parliament' (Hay interview, 1973-4, NLA: TRC 121/65, 7:1/18-21).

29 Document 53.

Conclusion of the Lussick episode

After the Lussick bill was passed by the House,¹ the Administration reserved the legislation for consideration by the Governor-General² and a Government-sponsored inquiry into the arbitration system was made by Professor H.A. Turner of Cambridge University and the Commonwealth Public Service Arbitrator, E.A.C. Chambers. Their report was presented to the Government in late January. Its recommendations were accepted by Barnes and the AEC,³ after which Territories put considerable effort into ensuring that the tactics used to introduce legislative changes would be both effective and of political benefit to the Government. Salient here was the question of who would introduce the changes and 'how we are to get rid of the Lussick bill'.⁴ Warwick Smith had been worried about 'Lussick being built up' if he were to introduce the amendments⁵—and thought was given to having the Governor-General recommend amendments, though Ballard believed that 'very little of the original Lussick Bill would stand and the Draftsman would be likely to take the view that ... this is contrary to the recommended amendments procedure'.⁶ It was decided in mid-February that Johnson would introduce a new bill,⁷ but the problem of how to dispose of the Lussick bill remained unresolved. An involved debate on legal technicalities developed. Among the options tabled was that of naming Lussick's bill in a section of the new bill that would list ordinances being repealed—a move thought by Henderson and Johnson to have 'political advantages'.⁸ This was dismissed as legal nonsense by an Attorney-General's official who said that 'you can put $2+2=5$ into a law if you want to make goats of yourselves'.⁹ But DOET went ahead because Hay thought 'the inclusion in the bill of some provision for repeal would deprive [a later withholding of assent to the Lussick bill] of any political significance'—even though the provision 'is thought to be of no legal effect', it 'amounts to an expression of intention on behalf of the House'.¹⁰

On 11 March, Johnson introduced the new arbitration bill which established a tribunal to deal with arbitration claims.¹¹ The tribunal would ask opposing parties to negotiate bilaterally, but if this failed it would move to formal hearings. It also had the power to establish boards of inquiry on 'issues of general public importance'. The bill contained no provision for appeal.

During debate, Lussick said

he hoped Konedobu and Canberra had learned some lessons. Canberra should see elected members and [the] independent group as being responsible and acting in [the] best interest of [the] people. There was [a] need for more flexibility.¹²

1 See editorial note 'Tensions in the House: the Chatterton and Lussick bills'; also, Documents 253 and 259.

2 Memorandum, Administration (Henderson) to DOET, 10 January 1969, NAA: A452, 1968/4967.

3 Minute, Ballard to Warwick Smith, 30 January 1969, and telex 871, Hay to DOET, 7 February 1969, *ibid.*

4 Telex 2038, DOET to Somers and Hay, 14 February 1969, *ibid.*

5 Minute, Besley to Ballard, 21 January 1969, *ibid.*

6 Minute, Ballard to Warwick Smith, 31 January 1969, *ibid.*

7 Telex 2359, Somers to Warwick Smith, 17 February 1969, *ibid.*

8 Telex 1258, Warwick Smith to Besley, 20 February 1969, *ibid.*

9 Minute, Kerr to Ballard, 20 February 1969, *ibid.* Attorney-General's argued that the Lussick bill could not be put into the schedule as it was not yet law (*loc. cit.*)—and also stated that the PNG Act demanded that reserved bills go to the Governor-General for assent or rejection (telex K235/2464, Ballard to Watkins, 27 February 1969, *ibid.*).

10 *loc. cit.*

11 *House of Assembly debates*, 11 March 1969, NLA: Nq 328.952 PAP, pp. 992–5.

12 Unnumbered telex, 11 March 1969, Administration to DOET, NAA: A452, 1968/4967.

Lussick introduced a number of minor amendments which added to the tribunal assistant non-voting members nominated by the Administrator—two from the Public Service Board and two from a list submitted by the public service organisations.¹³ The assistant members would be indigenes who would thereby gain experience of the arbitration system. The amendments were accepted by the Administration¹⁴ and the bill was duly passed, after which Hay explained to Territories that ‘support from [the] majority of elected members was largely due to [the] Administration’s willingness to co-operate and if Lussick’s amendments had not been agreed to the bill would have been lost’.¹⁵

13 Telex 1783, Administration to DOET, 12 March 1969, *ibid.*, and *House of Assembly debates*, 11 March 1969, NLA: Nq 328.952 PAP, pp. 996–7.

14 Telex 1783, Administration to DOET, 12 March 1969, NAA: A452, 1968/4967.

15 Telex 1812, Hay to DOET, 12 March 1969, *ibid.*

260 SUBMISSION, GUTMAN TO BARNES

Canberra, 10 March 1969

Bougainville copper project

There have recently been significant developments in proposals by Bougainville Copper Ltd to develop the copper deposits on Bougainville Island.

2. The company has made no announcement on the future of the project but the Chairman of CRA, Sir Maurice Mawby, wrote to you recently stating that the company had now proved to its satisfaction that the project will be economically attractive.¹ Exploration is in its final stage with only some detailed investigatory work for design and estimating to be completed.

3. A decision by the company to spend a further \$40m. or \$50m. (which would virtually amount to a decision to proceed) appears very likely in the near future if legal problems relating to the mineral rights do not interfere.

4. On the technical side the company has now proven some 900m. tons of ore and company representatives have advised us that feasibility studies are proceeding satisfactorily and technical problems are not expected to raise any unforeseen difficulties of a major nature.

5. The company recently announced the signing of a letter of intent with seven Japanese copper smelters to supply 950,000 tons of copper in concentrate form. The arrangement which is subject to further feasibility studies will be for a period of 15 years, commencing in 1972. The gross value of the Agreement at current copper prices is in the vicinity of \$1,000m. The proposed sales to Japan represent some 50% of the estimated total production over the 15 year period. The company is also actively pursuing long term marketing arrangements in Europe, Taiwan and Australia.

6. At the bi-monthly meeting between CRA and the Administration on 11th and 12th February 1969 the company submitted firm details of land requirements on Bougainville for port and main townsite, mining lease, tailings area, water lease, leases for construction materials and limestone and leases for roads, flumes, power and pipelines.² The total area involved is in excess of 57,000 acres.

7. Under the terms of the Bougainville Copper Agreement the Administration is obliged to provide a special mining lease or leases over any areas applied for by the company which form part of Prospecting Authorities Nos. 1 to 7 under the Mining Ordinance 1928–1966 of the Territory of New Guinea. This will include the area required for the open cut mine and mining townsite. Other areas required will not be located on the Prospecting Authorities specified in the Agreement but, under the Agreement, the Administration is still required to provide land reasonably required by the company for these purposes. Details of the company proposals and the Administration comments are given in the attached copy of a memorandum from the Administration.³

1 27 February (see NAA: A452, 1968/6220). Barnes replied on 18 March that 'This is good news indeed' (NAA: A452, 1969/2158).

2 In this meeting, and in a follow-up of a week later, CRA indicated a desire for full Administration support in the acceleration of the project. Quoting minutes of 12 February—'that when the final operational decision to go ahead is made all major operations should proceed without delay'—Espie remarked that he had agreed to this wording 'on the understanding that Administration officers on the spot would do everything possible to ensure no obstruction to construction work, e.g. natives obstructing road works'. It was thus 'agreed that suitable arrangements were needed to ensure quick action by the Administration' (note by Mansfield, 21 February 1969, NAA: A452, 1969/2160).

3 Not printed.

8. The Administration saw unacceptable political difficulties in agreeing to the acquisition of the areas suggested by the company for the port, main townsite and construction materials (some 5,000 acres). The basic objection was that the proposal involved large areas of land belonging to and occupied by people of the Kieta Local Government Council who had generally, in the past, been well disposed to the Administration while it left intact a large adjacent European plantation (Arawa Plantation of 998 acres). The Administrator suggested a counter proposal, involving a smaller total area, less native land and the acquisition of Arawa Plantation.⁴

9. In discussions in Canberra on 24th and 25th February between the Administration, Department and the company it was agreed that the Administration proposals should be adopted, subject to further detailed planning demonstrating that the area of approximately 1,500 acres (Arawa Plantation and area 'A' on attached map) suggested by the Administration for the townsite was adequate for reasonable future requirements for a joint Administration/company town. The matter was discussed with you on 25th February and on 26th February you approved of the Administration opening negotiations to acquire Arawa Plantation at an estimated cost of \$750,000.⁵ The Administration believes acquisition of Arawa as a first step may enable a negotiated settlement to be reached on native land required for the coastal townsite and the success of these negotiations will greatly influence the course of events in obtaining the other land required by the company. No firm conclusions were reached in relation to other land requirements by the company.

10. In relation to land requirements by the company the present position—as agreed between the Administration, Department and the company—is as follows:—

- (a) that immediate action be taken to acquire Arawa Plantation;
- (b) that action be taken (with timing at the discretion of the Administrator) to acquire areas 'A' (670 acres) and 'B' (1,210 acres) on attached map;⁶
- (c) that no action be taken at this stage to acquire areas 'C' (850 acres)⁷ and 'N' (1,525 acres)⁸ on attached map;

4 In a letter to Warwick Smith of 16 February, Hay had strongly urged adoption of his counter-proposal, arguing that it 'would reduce the degree and the number of persons likely to be involved ... It is important not to underestimate the resistance problem in the light of earlier assertions (which we are bound to take seriously) that village people would rather commit suicide than move'. He wrote also of the importance of 'resumption of expatriate and Mission, and not just village, land' (ibid.). The Administration reiterated these points in a memorandum of 18 February to DOET: 'There would be an extremely adverse reaction from the people ... The general public would see no justification for taking all the land owned by native groups bordering ARAWA plantation ... leaving this plantation intact. The Administration while appreciating the need to make adequate provision for the expansion of any composite town established to service the mining venture and district requirements generally, is firmly of the view that due cognizance must be taken of the impact of such acquisitions on both the local and national political scene' (ibid.). The Administration's recommendations could not be imposed on the company. The Bougainville Copper Agreement of 1967 stipulated that mining leases within the prospecting area had to be agreed by the Administration in the form requested. Hence, variation could occur by negotiation only (see telex 2041, Hay to DOET, 20 March 1969, ibid., and submission, Don Mentz (Assistant Secretary, Economic Policy and Research Branch, DOET) to Barnes, undated, ibid.).

5 Barnes had also been informed that if the owner of Arawa plantation chose to negotiate, acquisition would be delayed by two months, but if he refused, the land could be taken 'immediately' (submission, officer unidentified (Assistant Secretary, Finance Branch, DOET) to Barnes, 26 February 1969, ibid.).

6 Not printed. Area 'A' is bounded by Arawa plantation to the east and Arawa Bay to the northeast; area 'B' is northwest of Arawa Bay and southeast of Rorovana Bay.

7 Southwest of Rorovana village and dissected by the port—mine road.

8 Adjoined by Arawa Bay to the east and by area 'A' to the southeast.

(d) that further study and town planning be put in hand immediately to determine whether the area of Arawa Plantation and 'A' is sufficient for the reasonable requirements of a joint Administration/company town. If this study shows Arawa Plantation and 'A' to be inadequate in area then the question of additional land to be re-examined;

(e) that the company be provided with a special lease for construction materials from area 'D'⁹ on attached map;

(f) that the question of land required by the company for purposes other than the port and main townsite be the subject of further consultation between the Administration, the company and the Department following a report from the Administrator on the reaction of the native people to the initial approaches by the Administration concerning land acquisition for the port and main townsite.

Note: The acquisition of Arawa Plantation, area 'A', and area 'B' will not involve any resettlement of native people. Some native gardening and coconut plantings are involved but it is understood from the Administration that all the native people affected by this arrangement have alternative agricultural areas available to them.

11. The Administration considered that the Guava area, south-east of the proposed mine, should be excluded from the company's application and be reserved from the provisions of the Mining Ordinance until a definite need for the land emerges. The company pointed out, however, that inclusion of the Guava land in the mining lease would not mean shifting the Guava people. Ore had yet to be proved in this area and even if it were the Guava land would not be needed for at least 30 years. No conclusions were reached on the matter.

12. The company is seeking approval for the use of Asian personnel during the construction period on the grounds that there would be substantial benefits to both the Territory and the company. The company claims (and the Administration agrees) that the supply of skilled manpower in the Territory would be totally inadequate while use of large numbers of Australian personnel for construction operations could involve severe management and public relations problems and would involve the company in greatly increased costs. The total number of Asians involved could be as many as 2,000. Mr Espie of CRA, Mr Henderson of the Administration, and Departmental officers discussed the matter with the Minister on 25th February.

13. Mr Espie explained to the Minister the severe obstacles to the training of indigenes for the short term requirements of construction. He also said the company had no wish to place undue pressure on the supply of skilled personnel in the Territory. Mr Espie assured the Minister that the company would be prepared to mount a major effort in workforce training. They already had a small training operation and would be prepared to undertake a major expansion almost immediately. The Minister said he was impressed with the arguments put forward by the company and was prepared to look closely at the request on the grounds that it was purely for the construction phase. He said the company's offer regarding training operations was an important factor influencing his thinking.¹⁰

⁹ Immediately southwest of area 'C' and similarly dissected by the port-mine road.

¹⁰ CRA's use of indigenous labour was not viewed as uniformly positive. In a memorandum of 25 February to Parrish, Hay wrote of 'a fear, not only amongst European plantation owners but amongst village land holders who are rapidly increasing their production of copra and cocoa, that C.R.A. will pay high wages and attract labour from the villages ... I think we have to guarantee to limit this, both in terms of controlling maximum rates paid by C.R.A. and their contractors, and also by a vigorous publicity campaign against leaving the

14. The Minister agreed he would consider the company's proposals again and if possible discuss them with his colleagues with a view to discussion in the Administrator's Executive Council before the House of Assembly rises from the March sittings. A submission on the matter is being prepared in the Department for the Minister's consideration.

15. There is a possibility that the public solicitor in Port Moresby (Mr Lalor) may initiate a legal challenge on certain aspects of the Administration's claim to ownership of minerals. The matter has been closely examined in discussions between Attorney General's Department, Department of External Territories, the Administration and the company's legal adviser. Discussions have been aimed at reaching agreement on a course of action which is acceptable to all parties and which will not result in any delay to the project by such legal action or threat thereof. The Secretary's note (attached) sets out the present position.¹¹

16. The company now expects that the total capital investment in the Bougainville project, if it proceeds, will exceed \$300m., approximately one-third of which will be equity capital. If the Administration takes up its entitlement of 20% of the equity the cash requirements would therefore be \$20m. and present indications are that \$10m. would be required in 1969/70 and \$10m. in 1970/71. In his recent letter to you Sir Maurice Mawby has given formal advice along these lines and a letter from you to the Commonwealth Treasurer is being prepared to bring the facts to his notice so that a contingency provision may be included in the 1969/70 budget estimates.¹²

17. The project is reaching a critical stage and a special committee has been established in the Administration to co-ordinate and expedite action by all departments concerned, particularly in relation to detailed planning and implementation of plans for the coastal townsite. Action is also underway to strengthen liaison and co-ordination between the Administration, the Department and the company.¹³

[NAA: A452, 1969/2158]

village areas and migrating to Kieta in the hope of work. It will also be essential for you to have a very strict inspection system ... which will enable us to ensure that any agreement on wages with the company is in fact being put into effect by its contractors' (NAA: M1866, 4).

11 Not found. For an account of the legal challenge, see editorial note 'Bougainville: legal challenge by indigenes'.

12 Barnes wrote to McMahon on 13 March, noting that it 'would not be practicable' for the Administration to finance the required expenditure and asking that 'the financial implications of a decision to take up equity in Bougainville Copper ... be kept in mind when the budget for 1969/70 is being framed'. Barnes also commented that he would, with Treasury's assistance, put recommendations to Cabinet after receipt of CRA's feasibility study (NAA: A452, 1967/7175).

13 Building on discussions in February (see footnote 2), CRA further intensified the strength of its representations to the Administration during March; the 'Company representatives tabled applications for mineral leases and brought strong pressure to bear for urgent Administration action on a wide range of matters. Espie repeatedly stressed the Company's understanding that in return for holding back on many of the preparatory operations on the ground over the past 2 years (for political reasons), the Administration would give the project top priority when the Company was ready to go. Espie said an announcement was likely on 27 March but that he already had clearance to go ahead for expenditure in excess of \$30m' (minute, Mentz to Gutman, 20 March 1969, NAA: A452, 1969/2217). On 28 March, Mawby wrote to Barnes that the company had 'taken and "in-house" decision to proceed' and that it had approved expenditure of \$35 million for 1969 (*ibid.*).

261 MINUTE, VIZARD¹ TO KIRKPATRICK

Canberra, 28 March 1969

CONFIDENTIAL

T.P.N.G: The Arek Motion for a Select Committee on Constitutional Development²*1. Historical*

1.1 Arek became publicly committed to moving a motion to establish a Constitutional Committee in January, 1969 at a press interview.

1.2 Following an exchange of telex messages and discussions between the Secretary and the Administrator, the attitude approved by the Minister to the motion was—

- prefer the motion should not be introduced or, if introduced, defeated.
- if not practicable to avoid establishment of Select Committee, official members should take action to concentrate work of Committee on aspects of constitutional development not related to political advancement in the executive area.
- if unlikely that acceptable terms of reference can be secured preferable to leave terms of reference in wide and vague terms.
- official members need not vote against motion and at Administrator's discretion may support motion if terms of reference are not related to political advancement in executive area.
- Select Committee to include Johnson and second official member in respect of whom specific advice is required.

1.3 The above policy was notified to the Administrator by telex 2485 of 27th February, 1969.³

1.4 Arek moved his motion on 12th March, 1969.⁴ On the previous day a departmental telex (2863) was dispatched seeking advice on latest developments on

1 R.E. Vizard, Investigation Officer, Government and Constitutional Section, DOET.

2 See footnotes 1 and 2, Document 258. In March, Arek spoke with Hay about constitutional development. He told Hay that the 'United Nations would be much better occupied checking from time to time on the effectiveness of the development programme and the extent to which it was being carried out by the Administration, than they were now in pressing for early independence ... he had spoken on these lines to African leaders'. As to a date for independence, Arek suggested to Hay that 'a target date of 20 years "with some flexibility" would, if set by the Government, give a firm guideline and enable planning for the necessary training and experience to take place in a realistic framework. He said that if 20 years proved to be unrealistic then it would be easy enough to change the target and set it back another 10 years. Mr. Arek said that it was better for him to get in first with a proposal for 20 years, than for some other more radical Member to propose a much shorter period. He agreed that it would also be possible to set it forward if that were the prevailing wish. He said he had no ambition himself for the period after independence, because on his own proposal he would be over 60 by the time it came'. Hay wrote that his impression of Arek was 'a favourable one' and he recommended that Arek be included 'in any short list for further appointments to Ministerial office' (letter, Hay to Barnes, 24 March 1969, NAA: M78, M-A10).

3 Not printed.

4 A summary of proceedings in the House of Assembly noted that on '11th March Arek ... gave notice of a motion proposing that "A select committee be appointed to consider ways and means of presenting and preparing, and to draft for the consideration of this House, a set of constitutional proposals to serve as a guide for future constitutional development in the Territory". The committee would consist of 14 members, have power to sit during any adjournment of the House, make progress reports from time to time and present a

the motion and asking for confirmation 'that official members will be able to pursue lines indicated in our previous telex messages'.⁵ The Administration replied on 12th March saying 'we will be able to pursue lines indicated by you'.

1.5 On 11th March when I mentioned the motion to Mr Henderson in Port Moresby, he thought it was innocuous and that there was nothing in it to which official members could take exception.

2. *Attitude towards the motion*

2.1 The motion having been introduced, present policy is to defeat the motion or, if this is not practicable, to ensure the terms of reference are related to constitutional developments and not political advancement in the executive area.

2.2 The motion as it stands is not contrary to policy in the event that it succeeds. The question remaining to be answered therefore is whether the motion can be defeated.

2.3 For defeat to be secured, the support of the 'independent group'⁶ would be necessary. Whether this support would be forthcoming could be established only by canvassing the leaders (Watts, Neville, Lussick). This will take time.

2.4 In another paper I have discussed the membership of the Committee if it is set up.⁷ To arrange membership favourable to the Government would also take time.

2.5 Clearly, it is necessary to decide whether the motion can be defeated before indulging in any necessary lobbying as to membership. A little more than two months remain before the next meeting of the House when the debate on the motion is to resume. The time factor is thus of paramount importance.

2.6 In the event that the Administration believes the motion can be defeated and it is decided to oppose the motion, lobbying for membership of the Committee would seem undesirable and unnecessary. There is always the danger however that a last minute change of heart could occur in the House and the motion could be agreed to. If this occurred, there would be little time for lobbying and a Committee with a minority of Government 'sympathizers' could be formed as a result of pressure group tactics on Arek (assuming Arek would move the motion for membership).

2.7 If the motion is defeated on this occasion, it is unlikely that the present House will not again be faced with a similar motion (possibly after two years of its life) and the terms of that motion might be far less acceptable than the present motion. Even if the terms of a future motion were the same as the present motion, all that would be achieved by defeating the present motion would be to have antagonized some members of the House who could otherwise be 'Government supporters'.

final report to the House at or before its second last meeting' (savings AP141, DEA to all posts, 23 April 1969, NAA: A1838, 936/4/11 part 2).

5 Not printed.

6 See Document 200.

7 Vizard had suggested, inter alia, that the committee consist of 14 members, as had the previous Select Committee on Constitutional Development. Specifically, he proposed that there be three official members, two 'level headed rational' expatriate members, one member of Pangu, and seven indigenous elected members. Of this last group it was recommended that it exclude the Speaker and Ministerial and Assistant Ministerial Members. Of the remaining members, it was thought that 'provided three selections are made from Highlands electorates and are not Pangu, the Committee would be weighted advantageously to the Government' (minute, Vizard to Kirkpatrick, dated '3/69', NAA: A452, 1969/1135).

2.8 There seems more to be gained therefore by not opposing, perhaps even supporting, if divisions are called, the motion than opposing it—particularly if membership of the Committee is arranged so that it is receptive to Government suggestions.

2.9 It seems therefore that policy needs to be reviewed without delay so that tactics may be decided. This is in line with para. 2 of telex 768 ...⁸

2.10 On the question of policy concerning membership of official members, policy originated it seems from the Administrator's telex 1102 of 14th February⁹ in which he said in para. 6 'I would favour at the most one official member (probably Johnson)'. Possibly the Administrator did not envisage a Committee comprising 14 members (as proposed) when he favoured only one official member. My paper on membership covers this aspect.¹⁰

[NAA: A452, 1969/1135]

8 29 January, Warwick Smith to Hay. Paragraph two explained that Barnes would be happy to see Arek's proposal dropped but that it 'would be quite another question whether, if the proposal were pursued to the point of being introduced in the House of Assembly, it ought then to be opposed' (*ibid.*).

9 Not printed.

10 Referring to his suggestion of three official members, Vizard had suggested that there should be three official members, as had been the case with the previous select committee. He had argued that a 'smaller number may lead to difficulties in case of illness or inability to attend meetings, etc' while a 'greater number could invite criticism having regard to the precedent established in the 1965 committee'. Vizard also believed that failure to include official members carried risks 'that the Government's view will not be expressed constantly and clearly to the committee'; 'that the Committee might be unduly influenced by pressure groups'; 'of insufficient consideration of some important aspects'; 'of dominance by strong personalities among Committee members over weaker members'; 'that important information concerning the Committee's activities and views will not be available to the Government'; and 'that the influence of the Committee will be without a steadying influence' (minute, Vizard to Kirkpatrick, dated '3/69', NAA: A452, 1969/1135).

262 PAPER BY BLAND

Canberra, 31 March 1969

Some observations on my visit to P.N.G.—16th to 22nd March, 1969

So many decisions the Government has to take in respect of the Territory and Australia's relationships with it over a spectrum whose major elements include political, social, economic and military depend on a definitive assessment of the importance of the Territory to Australia. The Defence Department's prime concern is with strategy and defence and already the Joint Staff is directing itself to these matters.¹

2. If the conclusion is reached that the Territory is of critical importance to Australia, it becomes necessary that all elements of government in Australia should concert their efforts to encouraging a climate of opinion in the Territory which will lead to the Territorians being anxious to sustain a continuation of close relationships with Australia. The Defence Group of Departments has a powerful role to play on this.²

1 Following the Cabinet decision of September 1968 that a review of the size of the PIR should be undertaken 'as soon as possible' (see Document 222), the Defence Committee had requested of the Joint Staff 'a review of the overall position of the defence forces of Papua/New Guinea be undertaken not later than 1970' (see Joint Staff Directive no. 29/1969, 6 March 1969, NAA: A1838, 689/2 part 4; for reference to the internal investigation already conducted by Defence, see footnote 2, Document 222). Warwick Smith was recorded in January as 'most anxious that [the question of the PIR's size] be handled on a broad basis i.e. he does not want the decision taken on purely defence grounds, it must have regard to economics and manpower' (minute, Besley to Legge, 20 January 1969, NAA: A452, 1969/911). He thereafter discussed the matter with Bland on 10 February: 'I said [to Bland] that we did not wish to be understood as belittling or decrying the need for adequate defence resources in the Territory. What we were aiming at at this stage was primarily procedural in that we wanted to ensure that at all stages of consideration of the various possibilities of structure, size etc. of defence forces in the Territory due weight was given to Territory civil considerations particularly the economic, social and political implications and requirements ... I said that on military questions we did not wish to try to tell the Defence people their own business but there may be some propositions which we would like to see carefully investigated and fully weighed e.g. a local militia, formations adapted to Papua and New Guinea terrain, people etc., and possibilities of the armed forces making substantial contributions to the civil economy after their military training requirements had been met ... Sir Henry indicated that in his own view the structure of the defence forces in Papua and New Guinea should be examined in the light of today's strategy as distinct from the strategy of 1963 and with full regard to local Papua and New Guinea considerations' (note for file by Warwick Smith, 11 February 1969, *ibid.*).

2 On 18 February, Fairhall had written to Barnes asking for advice on a speech he was to give at a PIR regimental dinner in Port Moresby. He suggested to Barnes that 'it could provide a useful opportunity for a comprehensive statement focusing on Territory problems such as the unique features of its strategic situation [and] its special defence characteristics' (NAA: A452, 1969/1246). Barnes agreed, and went on: 'Historically the Territory has been viewed as the first line of defence to the Australian continent and I have no doubt that with the advent of new weaponry and the probabilities of areas from which aggression might be expected, a reassessment must be made. With the risk of trespassing on your area of responsibility, I believe that a strong defence base equipped with modern weaponry and situated in North Australia would be a realistic answer to overall regional defence. Such a base should be powerful enough to deny to a major aggressor establishment of a base in the Territory. Given this set of circumstances the local military situation should be met by a small, efficient, highly mobile force trained in guerilla tactics. To support this latter suggestion we must view, some time in the future, the Territory running its own show either by self-government or independence, relying on a quite modest budget, suffering a delicate political situation owing to the very great differences among the people themselves. As I see it the prime requirements for such a force are firstly, a highly disciplined one supporting the central elected government and secondly, large enough to resist incursion from neighbouring West Irian' (letter, Barnes to Fairhall, 25 February 1969, *ibid.*). After his visit to PNG, Fairhall wrote to Barnes: 'I was greatly impressed by all that I saw and, in the twelve years since I last had an opportunity to visit, there has been much striking development. I also believe I now have a much more vivid and realistic appreciation of the problems confronting you, your Department and the

3. I found on this visit no more clarity among the Administration people, the expatriates or the indigenes with whom I spoke than on earlier visits as to what the relationship between Australia and the Territory should be or as to when the question of independence would reach a climacteric point. There was concern about the views expressed by expatriate teachers at the University and about the possible influence of vocal graduates and undergraduates from the University. No one saw in sight at the moment the demagogue who could set a fire to the movement for independence.
4. Nothing that I learned on this occasion led me to vary the assessment I made the best part of ten years ago that a political climax would face Australia before the end of the 1970s.
5. In all our thinking about the Territory, we must see it not as a part of Australia nor anything resembling an extension of Australia. For our purposes, the Territory is a country of South East Asia with ultimately, I suspect, closer affinities to the people of West Irian than we are inclined to admit, though not necessarily closer affinities to Indonesia in the political sense.
6. No less than I urged in earlier years in respect of institutions in the industrial relations field, we have to develop and organise a military establishment appropriate to the future needs and circumstances of the Territory. This must not be cast on the image and form of Australia's forces. If Australian forces are to be deployed to the Territory in post independence days, the ease of the task will depend on the political relationship then existing between the Territory and Australia: not on the shape and organisation of the Territory's forces. At the moment the forces in the Territory are more an extension of the Australian forces than a response to the circumstances of the Territory. This is more markedly so in the case of the naval force which is an unashamed integral part of the R.A.N. The Army at least makes gestures of being a Territory force.
7. I formed a high opinion of the job the Army is doing with the P.I.R. I was equally relieved to find that the Commander³ and his senior officers subscribed to the points just made and others to which I will refer and were anxious to make adjustments which would set the Army element in the Territory in its proper context as a Territory, not an Australian force.
8. Despite the comments made by indigene M.P.s and others, I see no reason to cavil at the standards of the Army accommodation at Goldie River, Taurama, Wewak and Lae, nor for being concerned about the standards of the married quarters accommodation we have provided for indigene personnel.
9. I view the establishment accommodation as being all that will be needed for many years—indeed I can see no need for any more—and the low maintenance cost structures should serve the Territory well for years.
10. By contrast the Drill Halls at Mount Hagen and Wewak are lavish and extravagant beyond belief. They must not be repeated. I mentioned to Brigadier Eldridge that with the Mount Hagen establishment on our hands we could get some slight ex post facto recompense for our expenditure by throwing it open to the maximum extent for community functions. I believe the same is called for at Wewak. At both places those concerned

Administration in advancing the Territory but, if solutions are the preserve of dedicated and competent men, I am confident they will not be lacking' (25 March 1969, *ibid.*).

3 Brigadier R.T. Eldridge had replaced Hunter as Commander, PNG Command.

with the P.N.G.V.R. need to be far more active in searching out recruits: the contrast in attitudes at Rabaul of those concerned with the P.N.G.V.R. did not go unnoticed.

11. The contrast with the civilian accommodation provided by the Administration stems, I believe, less from considerations of floor space and provisions made than from the neatness and tidiness of the Army houses. This, of course, is the product of the discipline that causes gardens to be tended and houses to conform to specific hygiene requirements. The concrete wall slab type of house the Army has been building is a vast improvement on the less durable materials used in the Administration homes. Whatever may be the position as to houses, the time for any argument is passed because the Army building programme is complete.

12. The current organisation of the Army in the Territory does not strike me as appropriate. Put broadly it is an extension of the Australian Army organisation. However justifiable that may be in Australia it has no place in the Territory remembering the point made in para 6, the critical need to cut costs and simplify procedures and the relatively small numbers the Territory's Defence Forces now have or are likely to have. So I see no justification for the Corps system with its inevitable functional duplication, I find myself wondering again whether the battalion concept is sound, and I see every reason why—

- (a) the administrative overhead should be pruned;
- (b) administrative procedures and practices should be simplified;
- (c) the Territory Administration should be brought more positively into association with the administration of the P.I.R.;
- (d) there should be a unified defence force in the Territory;
- (e) pending this, everything should be done to eliminate duplication of activities between the P.I.R., R.A.N. and R.A.A.F.; and
- (f) wherever practicable, provisioning and procurement, and repairs and maintenance services should serve not only the Defence Force, but the Police Force and other elements of the Administration.

13. Put in simple terms the problem that faces us is to devise a Force tailored to meet requirements of the Territory and its economic circumstances. If services of the type mentioned in para {12} (f) can be provided more economically in a civilian organisation outside the defence forces and serving them and other elements of the Administration, this should not be rejected. To the maximum possible extent, the industries of the Territory should be used to support the Force: thus a contribution can be made to the Territory's economy and broader popular support for the Force secured. I would not rule out the possibilities that the best solution to the Territory's circumstances could be a force embracing police and military elements; there is nothing novel in this—c.f. Malaysia as an example. Indeed already the P.I.R. appears to be discharging outside the urban areas some of the roles that used to be and might normally be expected of a police force.

14. The case for one single Defence Force and one unified command and administration in the Territory seems clear. It should mean amongst other things one philosophy as to the role and purpose of defence forces in the Territory and a common standard of relationships between expatriates and indigenes. I see no reason why indigenes should not be used in any air support element that is thought necessary—the Civil Airlines have, to my knowledge, been using indigene aircraft mechanics for ten years and more. There may be greater scope for the use of civil aircraft for air support roles but I would doubt myself the wisdom of

vacating the whole field to civilian contractors. The fact that the air force element of the unified force and command may have roles to perform for the R.A.A.F. and the naval element roles to perform for the R.A.N. should present no problems. In the case of the naval element, if, as seems likely, the patrol boats are increasingly employed on fisheries surveillance, they will be performing a function for the Territory Administration, not for Australia: which is another reason for the naval forces being seen, as the Army tries to present the P.I.R., as a Territory defence force.

15. I am impressed by the desirability of involving the Territory Administration in the affairs of the Defence Force. Clearly too we must begin to educate the indigene parliamentarians in defence matters. Let me be clear—I am not suggesting that while the Territory stands in its present political relationship to Australia, Australia should abdicate responsibility for determining defence policy and plans for the forces in the Territory. While we retain such responsibility, if we are discreet in our approach, we can create a climate which will not compromise the long term association of the Territory's Forces and Australia's defence arrangements, if that proves possible under any political settlement between the two countries.

16. Increasingly it will be necessary for us to explain and to justify to the Territory's Parliament what we are doing. As I mentioned recently in correspondence with Mr. Warwick Smith, not merely should the Commander attend, as needs be, the Administrator's Executive Council; it would be desirable if from time to time the Minister for Defence, or Secretary to the Department of Defence or Chairman Chiefs of Staff Committee attend a Council Meeting.⁴

17. But with policy and the programme for development of the forces in the Territory resting for the time being with the Defence machinery in Canberra, it seems to me that the sensible thing to do is to make available to the Territory Administration by way of lump sum the annual funds required for defence including the maintenance and any capital works funds, leaving it to the Administration to arrange payments for pay, allowances, works, services etc., to vouch the payments and so on. In short, the civilian side of the defence force in the Territory covering administration of the defence force should be part of the Territory's Administration, staffed by and part of the Territory's Public Service, and subject to progressive indigenisation. To the extent that civilian personnel from the Defence Complex in Canberra were required, they would be seconded, on a phasing out basis, to the Territory Administration.

18. There is already room for rationalisation within the P.I.R., R.A.N. and R.A.A.F. For example, I can see no reason why Navy should send to the Territory Psychologists to deal with recruits (and incidentally require the recruits to come to the psychologists) when the Army psychologists could do the task equally well. And there is every justification for the R.A.A.F. and R.A.N. using the P.I.R.'s medical, dental and hospital services, instead of sending people from Australia. The R.A.N. hospital at Manus is progressively becoming a hospital serving the civilian indigenous population: admirable if you like in one sense, but clearly a dubious role for the R.A.N. and borne by it for lack of appropriate civilian facilities.

19. Still for decision is whether a third battalion of the P.I.R. should be raised: the Joint Staff currently has this under consideration. Even if it may be justified on military grounds, economic factors cannot be discounted. Given the military justification, it should not be

4 See Document 212.

beyond the bounds of possibility that the raising of a third battalion could be managed within current financial limits—

- (a) capital expenditure ahead should be far below recent levels;
- (b) pruning of unnecessary overheads and simplification of procedures and action as suggested in para 12 should help;
- (c) an even more determined effort should be made to train N.C.O.'s and specialist trades personnel to permit the reduction of the costly corresponding Australian element in the P.I.R.;
- (d) substitution of indigene warrant officers for some Australian junior officers, e.g. by commissioning them for field purposes as was put to me at high level in the Territory would also cut costs. The Indian Army experience is a guide; and
- (e) simplification of the trade structure was another suggestion.

20. Based on our latest intelligence assessments, it seems to me we can take some risks with the accelerated indigenisation of the P.I.R. With minimum Australian officering, the P.I.R. should be able to cope with the tasks that lie ahead. Unless the expensive Australian component and the overhead that goes with them, and the present over elaborate organisational arrangements,⁵ there is a real risk that we (let alone the Territory which ultimately must foot the bill) won't be able to afford the extra battalion—given that the conclusion is that it is required on military grounds.

21. Postings of Australian officers to the P.I.R. are too short: the Army brief handed to the Minister⁶ and me acknowledged this and the unfortunate consequences for the indigenes. As well the present posting periods add avoidable costs. I formed the impressions as I moved around that—

- (a) some officers with the P.I.R. nearing their retiring ages would be content to remain on: there is surely no point in bringing them back to Australia to terminal postings or to postings with no further promotions ahead; and
- (b) some officers would be willing to have their postings extended; the curse of the two year posting habit lies heavily.

22. Some random observations—

[matter omitted]

- (c) I see virtue in extending the practice of sending companies of the P.I.R. on patrol beyond the mainland. One company was moving to Manus while we were in the Territory. Other patrols were planned for New Britain and Bougainville.
- (d) I heard no criticism of the Army civic action programme and feel it is well conceived. It's not merely a nice illustration of adapting a costly military force to the circumstances of the Territory and ensuring developments which will serve both civil and military purposes, it's a means of developing a civilian friendliness to the Army[,] of intelligence and other value in an emergency;
- (e) in counting the cost to the Territory of defence forces, there should be severed out items which directly relate to Australian needs, e.g. communications costs, costs of Manus refuelling etc.

⁵ A word or phrase appears to be missing here.

⁶ Allen Fairhall.

23. It was gratifying to find that many of the impressions I have noted were widely shared in the P.I.R. by Brigadier Eldridge and senior officers I talked to around the Territory. They are already working out some of the ideas involved. They would like nothing better than a shining green light to press forward. But real progress can only be made if there is some stability in the senior posts and they are occupied by officers who see the P.I.R. as a Territory Force and if, in particular, a selected group is nominated, set aside and left in the Territory long enough to do the necessary planning. I was told that five years was needed: I should be surprised if it took that long.

24. The stability required could be met by—

- (a) leaving in P.N.G. the officers needed who would be returning to Australia for terminal postings; or whose promotion in the Australian Army is unlikely;
- (b) the Minister for Defence extending the terms of needed officers; and
- (c) allowing volunteers to remain on for an extended posting, taking care to safeguard their ultimate promotional prospects in Australia.

25. The Navy side of the picture is far less satisfactory—

- (a) if the P.I.R. belongs to the Territory, the Naval forces don't overtly appear to;
- (b) the integration of Australian and indigenes to which the Army has devoted much care is not nearly so evident in the Navy; there was talk of tensions between Australians and indigenes on patrol boats; there was segregation of ratings ashore, even to the point of separate ablutions;
- (c) while great praise is due for the self-help which the officers have practised and without which the Manus establishment would be a sorry mess, the set up as it stands is no credit to Australia as a military establishment. Not merely are many buildings unsightly and some fit only for the bulldozer, men should not be expected to endure some of the facilities and amenities as they stand and much of the area is unkempt and untidy;
- (d) it would be very useful if the officers at Manus were to go to P.I.R. to study the P.I.R. practices relating to indigene management and expatriate-indigene relationships.

26. While the Joint Staff has yet to do its work and the Defence Committee to consider the question, the conclusions that stared me in the face were—

- (a) there appears justification for having at Manus the minimum needed to provide:
 - (i) fuelling facilities—a very careful assessment of minimum needs must be made but before we commit ourselves to anything we should satisfy ourselves that the U.S. is not developing Truk as a fuelling station and if it is that we could not use it. As to this I gather the extra distance to Truk could present some problems;
 - (ii) for repairs for such patrol vessels that call there or could most economically operate from there: this does not appear to call for the extensive range of facilities currently at Manus which have as their ratio vivendi Manus as the base for all the Territory's patrol boats and, as it seemed to me, decidedly more. Indeed some of the workshops are directed to sustaining the Manus establishment to prevent its falling into worse state and to functions which should really be the affair of the Administration.

(b) a glance at the map highlights the inappropriateness of Manus as the base for *all* patrol craft in Territory waters: a study of the waste of steaming time using Manus as the base as at present might be revealing;

(c) maximum use should be made of private facilities for shipping, repairs and maintenance, provisioning and fuelling of patrol boats in Port Moresby, Rabaul and Madang; no possible justification is seen for the provision of naval controlled facilities for this purpose except perhaps at Port Moresby.

27. I have heard it said in favour of facilities at Manus that the locals are better disposed to the Navy than those on the mainland and that there could be fewer problems in retaining facilities at Manus than on the mainland. Yet Manus is part of the Territory and it will be subject to the same political outcome as the Territory.

28. Of Manus too it might be said that if we have the U.S. as an ally, Manus has no value except as a communications and fuelling facility, and that if we don't, Manus could be of doubtful value—another reason for keeping any expenditure there to a minimum.

29. It is a matter for consideration whether the indigenes training facility should be at Manus. I should have thought we should be training in one centre indigenes for all sea going craft, whether the Army's small ships or the Navy's patrol vessels. There would seem to be advantages in using the technical education facilities at Port Moresby. That may prove to be the best spot for all indigene training. I don't see why we should wait the development of one unified defence force for PNG before taking the proper decision.

30. It follows that, as at present advised, I see no need for the programme currently proposed for Manus. I can envisage a situation at Manus where we would have accommodation to burn—literally so—with the existing electric power generating capacity more than ample.

31. The facilities at Port Moresby suggest that it could be the main 'base' for the patrol and other sea going craft, with some limited 'base' facilities being retained at Manus to avoid the need always for patrol boats operating to the north of the Territory proceeding to Port Moresby.

32. Whatever subtraction from the present set up at Manus occurs would have to be compensated for to some extent by provisions at Port Moresby but it may be possible to provide accommodation for 'naval' personnel in the Port Moresby area in Army establishments. This will need study.

33. Whatever be the conclusions, I see no justification for any large expenditures on anything resembling a naval base, in the normally understood sense, in the Territory.

34. I was told at Wewak that D.C.A. is proposing to upgrade the Boram runways. We should find out without delay what is afoot to co-ordinate any thoughts we have for development of Boram for R.A.A.F. purposes.

35. I have written to A.S.C.O.⁷ about its pricing practices in canteens in the Territory. I find it odd in the extreme that A.S.C.O. should be charging the same prices for Australians and indigenes disregarding the patent differentials in pay.

36. Interestingly, only once was the question of the P.I.R. pension scheme raised with me. Which is not to say that this matter must not be vigorously pursued.

[NAA: A1838, 689/2 part 4]

7 Australian Services Canteen Organisation.

263 MEMORANDUM, ADMINISTRATION (HAY) TO DOET

Port Moresby, 14 April 1969

RESTRICTED

**House of Assembly
Fourth Meeting**

I enclose copies of the Administration's Report on the last meeting of the House of Assembly.¹

Attachment

[*matter omitted*]²

DEBATE ON BILLS

6. Most Government Bills went through all stages with little or no debate. The following Bills attracted some attention.

7. (A) PUBLIC SERVICE CONCILIATION AND ARBITRATION BILL³

The relatively easy passage of this Bill was due as much to intensive action by official members as to a general feeling of respect for the opinions of Professor Turner and Mr. Chambers and the views expressed in their report. Mr. Lussick made it clear that the Government's legislation on any matter could be easily defeated but the members generally were responsible, and did not want to defeat legislation merely for the sake of registering a protest. However, he indicated that Members felt they should be fully consulted on major issues and that they would not hesitate to defeat legislation if they were not consulted. A big factor in the defeat of the many amendments for which the P.S.A. were pressing was the flexibility of the Government in relation to the one regarded by Mr. Lussick as the most important (the Rota system). Many of the indigenous Members who voted in favour of the new legislation were obviously confused as to what was involved, and did not have much understanding of the Bill or the amendments. They did show, by voting with the Government, that they were prepared to trust the Administration on this matter. Members holding Ministerial office solidly supported the Administration.

8. (B) EVIDENCE LAND TITLES BILL⁴

It is hard to predict what will happen when the land legislation debate continues at the next meeting of the House of Assembly. However, there is a possibility that in the three months interval before the next meeting the Pangu Party, and possibly other critics, will have found

1 The House met from 3–14 March.

2 In matter omitted it was noted that the report 'again draws attention to the main issues and the significant trends and attitudes evident during the meeting'. Also listed were bills which passed all stages and those which were defeated.

3 See editorial note 'Tensions in the House: the Chatterton and Lussick bills'.

4 During the bill's second reading, Watkins said that the 'purpose of the bill is to give more certainty as to the ownership of land in Papua and New Guinea by making sure that the Administration has good title to what the bill calls "Administration land"'. The bill deemed that laws of evidence should be the sole basis for decisions on land claims and that compensation could be paid once only (*House of Assembly debates*, 14 March 1969, NLA: Nq 328.952 PAP, p. 1087–9).

many real or imaginary deficiencies. This is a topic which will capture the interest of all indigenous members. The debate on the Bill will probably be a lengthy one, and it could become quite heated. Opposition can be expected to come from New Britain, Bougainville and Central District. It is quite possible that the Highlands people will all support the Bill as they have not had the same land experiences as the people from Port Moresby and Rabaul. Grievances against early purchases of land for trade goods will certainly be aired.

[*matter omitted*]

11. (D) LOCAL GOVERNMENT (ADMINISTRATION) BILL⁵

This item has resulted in a good deal of publicity in the local press, not so much as to the Bill itself, but to the reaction of Pangu Party, which considered it had been gagged.

12. The Bill was introduced by Mr. Mangobing Kakun. Mr. Ellis detailed the achievements of Local Government operating under the existing system. He detailed the difficulties that would be incurred in changing the existing system. He said that the creation of a separate Department of Local Government was a possible future development. Mr. Lussick then spoke against the Bill. Immediately afterwards he asked that the question be put. Mr. Lussick took this action without prior warning, allegedly as a reprisal against Pangu Party's action in inducing a number of his group members to attend one of their private meetings several days previously. The Bill was defeated. There was some procedural confusion at this stage. The motion for the second reading was defeated. Mr. Lus called for a Division and thereupon the Pangu Party left the Chamber. The Speaker then ruled that as the mover of the motion had left, no Division was called for.

13. The press reported Mr. Somare as saying that the Administration was responsible for the gag. The Administration issued a special press statement stating that it was neither practice nor policy for official members to stifle debate, and in this instance had a Division been held, Official Members would certainly have voted against a closure, particularly as there were six speakers including the Assistant Ministerial Members, waiting for an opportunity to speak against the measure. This statement was given front-page treatment in the 'South Pacific Post' on Wednesday, 19th March. It was referred to in the A.B.C. local news session, the previous evening.

14. (E) CROCODILE TRADE (PROTECTION) (AMENDMENT) BILL

This bill was introduced by Mr. P.G. Johnson, and was carried 45 in favour, 33 against.⁶

15. Feelings in the Sepik and Ramu are high, and strong in support of this measure. The original Bill has never had support there. If this Bill is rejected,⁷ we could be embarrassed unless we give relief in regulations. Sepik elected Members spoke strongly in support of the Bill, except Mr. Langro (A.M.M.) who spoke against it. Ministerial Members Oala Rarua, Giregire, and Ashton, voted in support of the Bill. Administration attempts to gain support in opposing the Bill were largely based on statistical information which clearly demonstrated a steep decline in the crocodile industry. We asked that the Ordinance be

5 The bill provided for a local government section in DDA and was designed to improve the functioning of local government councils (*ibid.*, 10 March 1969, p. 959).

6 Johnson's bill was intended to remove restrictions on the crocodile skin industry in Papua while leaving them intact for New Guinea. Pointing to the decline in the crocodile population, the Administration had opposed the bill (*ibid.*, 12 March 1969, pp. 1031, 1034).

7 That is, rejected by the Governor-General on the advice of Government.

left as it is, but that the Regulations be subject to further examination in view of possible amendment ...

OTHER ISSUES

16. *Motions*

The most important of these were:

(A) W. LUSSICK—REJECTION OF RESOLUTION OF U.N. GENERAL ASSEMBLY⁸

Strong criticism was directed against the U.N. during the debate on this motion. Members Arek, Uroe, Middleton, Kofikai,⁹ Abal, Bomai, Somare, Nugintz and Maneke, all rejected any suggestion that the U.N. should supervise any Territory elections. Somare and Uroe drew attention to West Irian, and said the U.N. should concentrate on ensuring a valid act of free choice in that Territory. The motion was unanimously adopted.

17. (B) EBIA OLEWALE—SELF-GOVERNMENT AND SELF-DETERMINATION¹⁰

This motion attracted the attention of all elected members, and most wanted to comment on it. Generally, Members supported the motion and felt that the United Nations should not interfere with Territory affairs. Arek, Tammur, Maneke, Somare and Langro urged that target dates for self-government and independence be set by the Australian Government.

18. Predictably, the Highland Members were very much against setting any form of target date. However, Langro said that the Highlands Members' attitude would probably change before long, when educated Highland graduates started to come out of the University and represent the Highland people.

19. Speakers like Arek, Tammur, Maneke, Somare and Langro all said that the country would benefit if a target date was set for self-government. These Members did not urge an early target date, and 20 years hence seemed to be generally acceptable to the group. These Members also said that the date should be flexible, and could be lengthened or shortened depending on progress.

20. Mr. Toliman spoke of self-government in 1974 while Mr. Lus said that there should be immediate self-government so that the people could be trained for independence while Australians were still here. The point was made by several Members that if a target date were set, both the people and the Administration would be better able to plan ahead. Those advocating target dates felt that there would be more stability amongst Europeans if public servants and private people had some indication of when self-government would eventuate. They also felt that the declaration of a target date would provide more certainty, and thus attract investment capital to the Territory. It seems likely that target dates will be discussed again at future meetings of the House.

[*matter omitted*]

23. (E) P.G. JOHNSON'S MOTION FOR PROPOSED SELECT COMMITTEE ON NATIONAL UNITY¹¹

The Administration spoke in support of this motion. The point was made that the Government would give sympathetic consideration to amending the Papua – New Guinea

8 See editorial note 'Reaction in PNG to the United Nations resolution of 1968'.

9 Sabunei Kofikai, MHA, Goroka open electorate.

10 See editorial note 'Reaction in PNG to the United Nations resolution of 1968'.

11 See footnote 5, Document 246.

Act, were it the wish of the people, to decide on a common name for the Territory. Debate on the motion was adjourned until the next Meeting.

24. (F) PAULUS AREK'S MOTION FOR PROPOSED SELECT COMMITTEE ON CONSTITUTIONAL DEVELOPMENT¹²

Mr. Arek introduced the motion, emphasising the need for a constitutional programme for future Territory development. Such a programme would counter secessionist movements, reduce the rate of resignation of public servants, and provide additional security for potential investors.

25. The motion was adjourned until the next meeting. This question will probably provoke a good deal of interest and discussion.

THE PANGU PARTY

26. Mr. Chatterton continued to lend his support to Pangu on a number of occasions. Pangu could also sometimes count on the support of Tammur, Titimur, Arek and Yauwe Wauwe, and sometimes on a few New Guinean elected (non-Highland) members. It is possible that the almost blanket and automatic opposition Pangu receives from the European elected members, will, in effect, win them increased sympathy and support from uncommitted elected indigenous Members.

27. It was clear from the Meeting, that although Pangu is a minority group, it is not an insignificant minority group, and as such, it should be given a hearing. It would be in the Government's best interests to continue doing what it can to ensure that the Party is heard.

THE INDEPENDENT GROUP

28. The Independent Group continued to hold meetings during the House sittings. They did not always vote as a group. Mr. Lussick emerged as the group's main spokesman in the House, during the last meeting.

THE SPEAKER

29. The Speaker's inability to handle involved, and some not so involved, procedural questions, and his reliance on the Clerk and the Deputy Clerk, clearly emerged during this meeting. On at least two occasions, and when advice on Standing Orders was not quickly available, there was confusion.

THE MINISTERIAL AND ASSISTANT MINISTERIAL MEMBERS

30. The Government did not always have the support of MM's and AMM's. Both Langro and Toliman, during debate on the Self-Determination Motion, spoke in support of setting target dates. On the Crocodile Bill, Oala Rarua, Giregire and Ashton voted in support.

31. There would be advantages in allowing MM's and AMM's to speak more in support of Government Bills. Additionally, it would be desirable to have them speak in Pidgin. This is particularly important in view of the fact that the interpretation from English to Pidgin is frequently inaccurate or incoherent. MM's and AMM's who continued to answer questions well, to speak clearly and with confidence, were Toliman, Abal, Oala Rarua, Giregire, Ashton and Leahy. These Members made a good impression in the House. The performances of other MM's and AMM's ranged from medium to poor.

¹² For background, see Documents 258 and 261. Details of the motion are given in footnote 4, Document 263.

INTERPRETATION

32. The interpretation during the meeting was poor. This is apparent from reading the draft daily Hansard prepared by stenographers at the House, and Members were quite critical of the standard of interpretation. Simultaneous translation is extremely difficult for anyone, and it becomes even more difficult for the Papuan and New Guinean interpreters whose command of English would not be as good as that of people who have English as a mother tongue. One solution might be to bring in more overseas field officers from outstations to undertake interpretation duties during meetings, but staff shortages in the field could prevent this. However, it is important for the Administration to get around this interpretation problem so that the Administration's point of view can be communicated clearly to Members.

33 One way of assisting is to provide second reading speech translations in Pidgin for the interpreters, but on a couple of occasions when this was done at the last meeting, the interpreters appeared not to make use of the translation provided. To overcome this problem it might be necessary for any important speeches or statements made in English to be followed up by a full Pidgin outline by one of the Pidgin speaking Official Members, or by Ministerial Members or Assistant Ministerial Members. The Ministerial Members and Assistant Ministerial Members would have to be well briefed beforehand, if this proposal were to be put into effect.

[NAA: A452, 1968/3178]

264 MINUTE, BESLEY TO WARWICK SMITH

Canberra, 28 April 1969

SECRET

Border situation¹

- Spoke to the Minister.
- He feels very strongly that stiff formal protest should be sent, that it should seek assurance re appropriate instructions to Indonesian border police and that it should say we are reinforcing border posts and want to avoid further incidents of kind which occurred at weekend.
- I mentioned that I had talked to External Affairs and that that Department, whilst accepting the idea of a formal protest, wanted to await Freeth's return tomorrow morning.² The Minister said we should go along with this.

1 Hay had reported that Indonesian forces had crossed the border on 26 April in the course of an operation against a refugee camp opposite Wutung village and station. Hay wrote that the Indonesians had raided a hamlet, and fired on and threatened unarmed Territory officials. Final retreat occurred after lengthy discussion with Wutung's OIC (cablegram 1219, DEA to Djakarta, 28 April 1969, NAA: A1838, 3034/10/1/4 part 5; for a later report from Hay, see telex 3019, 29 April 1969, *ibid.*).

2 DEA had previously advised Territories 'to keep public handling of the matter in a low key' (cablegram 1207, DEA to Djakarta, 27 April 1969, *ibid.*). Jockel (who had replaced Loveday on 17 March) later reported that Freeth—who was in Djakarta—'supports [the] view that [the] matter should be handled in low key' (cablegram 1067, Jockel to DEA, 28 April 1969, *ibid.*).

- Minister himself raised question of P.I.R. and said he thought we ought to locate appropriate size units along the border in a background role to back up police if necessary.
- He commented that police should be armed and it should be made clear to Indonesians that if our people were fired upon again we regretted we would simply have to defend ourselves.
- In commenting on Jockel's message about Malik's agreement that Indonesian border police should ignore dissident camps near border³ I mentioned that earlier in the year when the Indonesian patrol had crossed into T.P.N.G. we had received a similar message from Loveday⁴ and this underlined the need for formal instructions being given now with an assurance from the Indonesians that they would be enforced. He agreed with this.
- Spoke to Booker again and he said that in view of recent press announcement that whole complication⁵ of matter had now changed and that there was likely to be a row in Parliament. He said that Government had a political requirement to play it cool with the Indonesians and all the publicity which appeared to be being given to the incident would react strongly against this requirement. He therefore felt that a protest might not now be in order.
- I repeated Minister's firm view that we should make stiff protest and it was agreed that matter would be resolved in morning following consultations with Ministers. Booker also agreed that any messages to Djakarta should be cleared by us.⁶

[NAA: A452, 1969/2608]

3 In conversation with Jockel, Malik (who was aware of the incident) had agreed with the suggestion that the camps be ignored 'for the time being' (loc. cit.).

4 See Document 255.

5 Presumably, this should read 'complexion'.

6 Jockel spoke with Soepardjo on 29 April and was told that Soemitro had given his 'full agreement not only that Indonesian police were not to cross the border into Australian territory in pursuit of refugees, but also that they were not to try and intercept refugees wanting to go across into our territory'. Soepardjo also said that there had been 'gaps' in communication between Irian and Djakarta. Jockel commented to DEA that in time he expected 'some effective action on the ground' and that, although it was doubtful the Indonesians would simply watch refugees moving toward PNG, 'in practical terms this may mean they will be less aggressive in operations against the dissident camps in the border regions'. Jockel also reported a remark by Malik that the incident was being investigated and that Indonesia would 'satisfactorily resolve with Australia' if reports were verified. Jockel concluded: 'In this connection, I hope you will be able to avoid any question of a formal protest. To do so would be to lift these matters into major proportions affecting the relations of the two governments and to imply doubt about the good faith of the present Indonesian government. Moreover, while the Indonesian government would accept that we had the right to react strongly, they would feel that such an action on our part would be a setback to their efforts to restore relations of confidence among their neighbours and their international good standing. The firmness and admirable discipline shown by our own officers in the incident ... will not be lost on the Indonesian officials dealing with this matter' (cablegram 1079, Jockel to DEA, 29 April 1969, NAA: A1838, 3034/10/1/4 part 5). External Affairs apparently recommended to Freeth that 'every effort should be made to avoid any question of a formal protest' (see undated submission, J.R. Rowland (First Assistant Secretary, Division I, DEA) to Freeth, *ibid.*, which appears to have been the basis of a teletype message to Freeth in Perth (not found)), to which Freeth responded: 'I agree that [a] strong protest on [the] border incident is not ... desirable. Malik has assured me his government will take appropriate action. Better results will be obtained by follow up talks in Djakarta to ascertain what action has been taken and to sug[gest] what more if anything can be done to restrain excitable and over zealous local officials' (teletype message, Freeth to Booker, 29 April 1969, *ibid.*). In Territories, Warwick Smith wrote (30 April) in the margins of Besley's minute: 'We need to follow up the question of a formal protest. I don't think what has been done is enough to rest on'.

265 NOTES ON DISCUSSION BETWEEN DOET, DEA AND DEFENCE¹

Canberra, 30 April 1969

SECRET

West Irian Border: record of meetings with External Affairs and Defence*[matter omitted]*²*West Irian border crossers*

2. It was agreed that:

- despite larger influxes, no change warranted in policy of confining grant of permissive residence to persons in danger because of political activities;
- possible need, however, for change in handling arrangements because of
 - processing difficulties resulting from larger numbers
 - problem of returning cases to West Irian if border continually manned by Indonesian police
- would, therefore, be desirable to streamline procedures so as to establish immediately
 - those to be returned to West Irian
 - those to be considered for permissive residency
 - and, in relation to the latter, enable quick decision on application for permissive residence to be made
- it was also desirable to establish separate holding camps for the various categories and move those granted permissive residence into the resettlement stage as rapidly as possible;
- maintain present attitude of keeping Representative U.N. High Commissioner for Refugees in Geneva informed.

Political activities of West Irianese permissive residents

3. It was agreed

- scope for imposing further restraints severely limited by Territory law,³ refugees' convention and attitude of some leading M.H.A.s.⁴ (Malik has been informed of this and understands position.);

1 The record appears under cover of a memorandum, DOET (Besley) to DEA, 2 May 1969. Besley indicated that the record had been cleared orally with DEA and Defence (NAA: A1838, 3034/10/1/4 part 5).

2 Matter omitted indicates that DOET discussed paragraphs 2 and 3 below with DEA and the remainder with both departments.

3 In February, Besley had noted that 'the Crown Law people in the Territory now say that the conditions we have imposed on permissive residents have no legal force whatever' (minute, Besley to Legge and Galvin, 13 February 1969, NAA: A452, 1969/18).

4 In early January, DEA had complained to Territories about a letter addressed to Hasluck by Irianese activists in PNG. The letter was considered 'the most flagrant breach to date of the undertaking on political activities given by West Irianese permissive residents', and DOET was warned that 'Unless effective counter-measures are taken, there is the possibility that our relations with the Indonesian Government could suffer considerable damage' (memorandum, DEA (Jockel) to DOET, 6 January 1969, *ibid.*). Besley replied that Irianese activists

- talk of preparations for insurrection unlikely to lead to trouble because of lack of physical resources and finance;
- External Affairs to inform Indonesian Government that M.H.A.s, particularly those sympathetic to the West Irianese cause, tend to be outspoken and there is nothing we can do to curb this.⁵

[matter omitted]⁶

Placement of PIR detachments at border posts

7. This Department's representatives expressed concern that, although situation appeared to have calmed down since weekend,⁷ incursions similar to that at Wutung could occur again, perhaps in even larger strength, and Administration resources on the spot might be inadequate. Moreover, Brimob⁸ more heavily armed than Administration police.

8. External Affairs and Defence made the following points:

- in the incident at Wutung Brimob party had withdrawn even though Administration officer and police who confronted them were unarmed
- border posts have now been considerably strengthened with armed police
- a further 250 police were available at 24 hours' notice and could be drawn on if Administration still had doubts
- handling of such incursions essentially a police function and government policy generally was that Army should assist only as a last resort
- any substantial movement of PIR into border areas might be regarded as provocative by Brimob
- present Army instructions⁹ did not permit PIR assistance to Administration forces except in case of an unavoidable contact; i.e., they could not assist, without specific authority, if an Administration patrol deliberately confronted intruders

were being watched, but that actions beyond warning them to avoid political activity would have undesirable political repercussions in the Territory (memorandum, DOET (Besley) to DEA, 19 February 1969, NAA: A1838, 3036/14/1/6 part 14). Aside from Somare's interest in the Irian issue (see footnote 19, Document 246), Guise had written to Barnes 'as a Papuan in very deep distress' about the 'news that our brothers across the border are to be hunted and killed by the best troops that the Indonesian republic has got'. He pled with Barnes: 'use your influence to get the United Nations to act' (12 December 1968, NAA: A452, 1969/18).

5 DEA forwarded to the Embassy in Djakarta reports that 'illustrate[d] typical attitudes' of MHAs toward the Indonesian administration of Irian and the refugee question. An accompanying comment read: 'The assumption made by members about the state of affairs in West Irian are certainly adverse even if not expounded, and it may be supposed that if the members knew more about it they would be more directly censorious. A conversation I had with Michael Somare on 31st March confirmed the impression one gets from these speeches and conversations around the Territory that to him and most of his countrymen West Irian is remote and of rather small interest. The fact that their kinsmen are being roughly used is regretted on humanitarian grounds, but the denial of independence makes little impression. This may change when the concept of independence comes to mean more than it does at present to the citizens of TPNG, but it is not now a political fact' (memorandum, DEA (Bourchier) to Djakarta, 2 May 1969, NAA: A1838, 3034/10/1/4 part 5).

6 Matter omitted is a discussion of border contingency plans, which DOET said were soon to be completed by the Administration. Defence said it was engaged in joint service planning on the basis of a draft plan by the Administration.

7 See Document 264.

8 Indonesian police mobile brigade.

9 See footnote 6, Document 255.

- Indonesian Government has given assurances that such incidents unlikely to recur and time should be allowed for these assurances to take effect
- in any event military forces were already available close to the border and could be moved in quickly in an emergency

9. This Department took the view that an obvious presence of troops in the border area could have a stabilising effect rather than cause provocation.¹⁰ It also saw a difference between using military forces in aid of the civil power in a situation of domestic violence and using them to deal with foreign armed intruders crossing the border into our Territory. While it accepted that, in the former situation, forces could only be used as a last resort, it is considered that the last resort principle need not apply in the latter case.

10. The Defence representative replied that, without special government approval, action by the PIR would have to be confined to the circumstances outlined in the present Army instruction relating to contacts with armed foreign patrols in the border area.

11. In view of the considerations outlined above, the External Affairs and Defence representatives considered posting of PIR detachments at border posts was not warranted at this stage. Defence undertook, however, to examine in consultation with Army, the possibility and desirability of stepping up PIR patrols in border districts and concentrating them in special areas over the next three or four months.

Army instructions to PIR patrols

12.

- Defence representative made it clear that current instructions which envisaged PIR assistance to Administration patrols in dealing with foreign army or police patrols on our side of the border related solely to a situation when contact with such a patrol was *unavoidable*. They did not cover a situation where a PIR detachment had been deliberately placed at a border patrol post as a back-up to Administration police or situations where an Administration patrol *deliberately* intercepted or confronted a patrol from West Irian—an action which, of course, the Administration patrol would normally be bound to take.
- In other words the PIR could not at present, without specific government agreement, assist an Administration patrol to carry out its police functions but could merely help it to withdraw from a difficult situation. The instructions had been issued as an interim measure pending receipt of the Administration's plans on which depended the drawing up of complete contingency plans for services' assistance to the Administration in border situations beyond Administration's capacity to handle.
- This Department pointed out that when these plans were being drawn up the scope of the action the PIR would be permitted to take would have to be expanded.
- It was agreed that this matter would have to be fully canvassed and instructions considered further in the course of preparing the joint service plans.

[NAA: A1838, 3034/10/1/4 part 5]

¹⁰ Hay spoke with Besley on 1 May, telling him that 'he had just returned [from the border] and was satisfied that [the] temperature seemed to be falling'. He argued that there were 'too many people in the border area getting in each others' way and would like to reduce staff there'—a plan that Besley tried to discourage: 'If we now appeared to be backing off too fast other departments might rest on their oars and let the finalisation of planning drag on too long. In any case the departmental view was that there should be some reinforcement of the border for the next several months—the Minister was also of this mind' (minute, Besley to Warwick Smith, 1 May 1969, NAA: A452, 1969/2608).

266 SUBMISSION, BOOKER TO FREETH

Canberra, 1 May 1969

SECRET

Papua/New Guinea border incident¹

The Administrator of the Territory of Papua and New Guinea, Mr D.O. Hay, has been in the border area in the past few days. Following discussions there he has come to the conclusion that it is imperative to establish early contact with the Indonesians in the Wutung area and that this should be followed by daily liaison so long as Indonesian armed forces are in the vicinity. The object of this contact would be to exchange information on dispositions and movements, establish that the border line is known and agreed, and avoid incidents, in particular further Indonesian incursions into TPNG.

2. The most appropriate method of establishing contact appears to be by the stationing of a senior uniformed police officer in the Wutung area. The way for this should be cleared by the Embassy in Djakarta but it is considered that it should be reinforced by a visit by a PNG Administration official to Djajapura. Hay has suggested that the official going to Djajapura might carry a letter from himself to the military commander for West Irian, General Sarwo Edhie (who visited TPNG earlier this year).² The letter would authorise the official to discuss the setting up of regular liaison at the border with the purpose referred to in para. 1 above.

3. You may consider that these proposals are consistent with the suggestions made while you were in Djakarta for the Indonesians to pass information about the movements of refugees to us.

4. We believe that more direct contact in the border area should assist in preventing a recurrence of incidents such as occurred on April 26th.

5. The Minister of External Territories concurs in Mr Hay's recommendation.

6. It is recommended that you approve the attached draft telegram to the Ambassador at Djakarta instructing him to take up these proposals with the Indonesian Government.³

[NAA: A1838, 3034/10/1/4 part 5]

1 See document 264.

2 See Document 248.

3 Not printed. An annotation by Booker of 1 May reads: 'Discussed with Minister. He was reluctant to approve of action which might further inflate press interest in the border incident. He agreed however that Mr. Jockel should be asked to propose [a] visit to [the] Indonesians and that it could take place when excitement had died down'. External Affairs received Indonesia's acceptance of the proposal on 16 May (submission, Rowland to Acting Minister for External Affairs (possibly Fairhall), undated, NAA: A1838, 3034/10/1/4 part 5) and it was decided that the Australian delegation would be led by Royce Webb of DDA, accompanied by Ken Brown of the same department and J.M.C. Watson, Second Secretary of the Australian Embassy, Djakarta.

267 MINUTE, KELLOWAY¹ TO WARWICK SMITH

Canberra, 7 May 1969

Bougainville copper project

Detailed projections of Administration receipts, prepared by Economic Policy Branch, are attached.²

2. On these assumptions the Commonwealth grant would drop below 50% of total budget receipts (or expenditure) by 1973/4 and below 33⅓% by 1980/1. Put another way, local revenue (including Bougainville) plus loans would equal [the] Commonwealth grant by 1973/4 and would be twice the grant by 1980/81.

3. If Bougainville is excluded from the projections the Commonwealth grant would exceed 50% of total receipts until 1977/8. By 1980/81 the grant would still represent 42% of total receipts.

4. From a quick comparison it appears that overseas aid represents perhaps 45% of total government expenditure in Liberia and 28% in Kenya. In both cases the aid is over 90% bilateral.

5. The conclusion one draws in regard to the impact of Bougainville on constitutional development will depend on one's ideas about the relationship of overseas aid and self-government. On this criterion alone—

- if self-government is viable at a 50% aid level, then the effect of Bougainville is to accelerate the viability date from 1977 to 1973 i.e. by 4 years;
- if self-government is not viable until aid drops to one-third of total expenditure, Bougainville makes self-government feasible by 1980 whereas without it the viability date is well beyond the horizons of the projection.

6. It would obviously be possible to set up a number of economic indicators for consideration in relation to self-government, e.g.—

- overseas aid per capita;
- ratio of overseas aid to G.N.P.
- ratio of government receipts to G.N.P.

The indicators could be derived from statistics of developing countries and off such writers as Lewis. Obviously the assessment would be fairly arbitrary and a lot of other indicators, e.g., ratio of graduates to population might have at least as much value.

7. In thinking of self-government, it may be of interest to consider total Commonwealth payments to the smaller states in Australia. For 1964/5 the figures are—

	Payment \$M	%*
Q'LD.	103	39
S.A.	80	40
W.A.	89	50
TAS.	44	53

* To total revenue including grant

1 Paul Kelloway, Assistant Secretary, Special Projects Branch, DOET.

2 Not printed.

8. The position, of course, differs significantly from the Territory in that the Commonwealth raises significant revenue from the inhabitants of the States. It does suggest, however, that some limited forms of self-government are not inconsistent with substantial economic dependence.

[NAA: A452, 1970/460]

268 SUBMISSION NO. 577, BARNES TO CABINET

Canberra, 9 May 1969

SECRET

Papua and New Guinea National unity and public order

The purpose of this submission is to seek Cabinet's approval of a proposed attitude towards present or future secession movements in parts of Papua and New Guinea and generally towards national unity in the Territory; and towards questions of public order that could arise in this connection.¹

Background

2. Since 1949 Papua and New Guinea has been administered as one unit. Before the War New Guinea was administered from Rabaul and Papua from Port Moresby. Under the German administration New Guinea was also administered from Rabaul.

3. Our current policies for political, economic and social development and in particular the economic development programme are all based upon the concept of one Administration. Historical considerations and ethnic, language and geographical factors, however, all militate against unity.

4. Some months ago there was talk in the Rabaul area about separation of New Britain and the New Guinea islands area from the mainland and a political party was formed to work for this.² Little has been heard of this party recently. In parts of Bougainville, however, there is a traditional feeling of separateness from the rest of the Territory. With the land requirements of C.R.A. for the copper project increasing in recent months the initial hostility towards the intrusion by that company into particular areas of Bougainville

1 Hay 'strongly support[ed]' Barnes' decision to consult Cabinet on Bougainville separatism, though he wrote that the current law and order problem related to 'resistance to loss of land', which had been 'a manageable problem' that did not seem to have 'strengthened the hand of separatists'. On the other hand, he thought that 'If the threat of separatism becomes more serious, involving demonstrations and perhaps violence on a widespread scale in Bougainville ... then we shall need authority to use force if necessary ... we should ... need to have available an accession of police strength and/or authority to use the armed forces. I consider it urgent that the Government should consider whether that authority should remain subject to the present impediments. The army is for the foreseeable future our available reserve against sudden and substantial outbreaks of violence, particularly where they happen simultaneously in widely separated areas' (telex 3347, Hay to Warwick Smith, 9 May 1969, NAA: M1868, 3).

2 See Documents 234, 236 and 240.

is still apparent in some areas and there has been a considerable amount of discussion about secession from the Territory.³

5. Ownership of land is an emotional issue among the native people. Financial compensation or offers of resettlement elsewhere are not always acceptable to the people directly concerned. Until C.R.A. has entered into occupation of the land that it requires, difficulties with the native people including in some areas opposition to the acquisition of land or pressure for secession may be expected.

6. The latest report of the Territory Intelligence Committee in Annex A⁴ indicates that a call for independence for Bougainville may shortly be made. The Administrator with the Minister's authority has made a strong statement calling for unity in the light of the benefits which flow to the whole of the Territory from the project. He considers the situation is under control.

7. The adjustments which the people of Bougainville are being called upon to make are adjustments of the same kind as those which the Government's policies for economic development will require in other places. If the C.R.A. project is allowed to falter the Government's policy for the economic, social and political development which has been operating on the basis of co-operation on the part of the House of Assembly and the people of the Territory will be placed in jeopardy. The approach underlying the economic development programme approved last year would have to be re-appraised. This is apart from the fact that the Administration could in terms of the Agreement ratified by Ordinance of the House of Assembly also be liable to pay substantial damages to C.R.A.

8. The Bougainville copper project is the only enterprise at present under way which will make a major if not dominant contribution to accelerated economic growth and so provide a sounder economic foundation for progress towards self government. Natural resources exploited in other parts of the Territory similarly help to establish the economic basis for self government for the Territory as a whole.

9. In November last the House of Assembly passed a resolution calling for national unity.⁵ Bishops of the Roman Catholic and Anglican Churches have similarly stressed the need for national unity. The Trusteeship Agreement is drawn in relation to the present area of the Territory and it is highly unlikely that any variation of the Agreement could be got through the United Nations.

10. The political problems arising from C.R.A.'s operations in Bougainville are likely to be debated in June in the House of Assembly. They could also be raised at the Trusteeship Council later this month. So far official statements have stressed the advantage of national unity. However I consider that if the issue remains a live one or if it becomes acute it

3 Following the development of a multi-faceted public relations plan for Bougainville (see footnotes 2 and 16, Document 243), Hay had written in April to Newby: 'While it is recognized that a good deal is already being done, political education efforts need to be stepped up. The underlying theme of most political education material used should be "unity", i.e. the advantages to be gained, as opposed to the disadvantages and dangers of secession'. Hay advocated 'optimum use ... of Radio Bougainville in its propaganda role of furthering the Administration's current unity campaign on Bougainville'. 'Essentially', he concluded, 'there is a need for an accelerated and co-ordinated propaganda campaign which will demand a good deal of back-up support and guidance from the headquarters level' (minute, Hay to Newby, 22 April 1969, M1866, 4). For a summary of the evolution of 'political education teams' to April 1969, see undated paper by unidentified DOET officer, NAA: A452, 1968/5563.

4 Not printed.

5 See Document 246.

should be made clear that the Government's attitude is that secession of any part of the Territory cannot be accepted at this stage of the Territory's development.

11. As already indicated the Administrator considers that the situation is under control. Nevertheless the possibility of passive or even active resistance to the occupation of land in connection with the C.R.A. project cannot be discounted nor can the possibility be ruled out that a secessionist campaign will develop. I think it unlikely that any situation will arise which is beyond the resources of the Royal Papua and New Guinea Constabulary assisted as necessary by the Reserve Constabulary. Nevertheless the possibility, however remote, of a situation developing which could require the deployment of elements of the P.I.R. needs to be borne in mind. Police strength is being called upon to an unusual degree at the present time to strengthen border posts in connection with the approaching act of ascertainment in West Irian.

12. While the latent possibilities of the Bougainville situation provide an immediate cause for reconsidering the arrangements, the recommendations set out below are couched in quite general terms so that they would have effect for any move for secession in New Britain or elsewhere in the Territory if this were necessary.

13. In Decision No. 329 of 1966⁶ Cabinet gave its approval for planning to be put in hand for the provision of military assistance as a last resort. This approval was given in the context of the possible need to seek aid from Defence Forces in Australia. In the circumstances now envisaged any aid to the civil power would be expected to come from the Pacific Islands Regiment.

Recommendation

14. It is therefore recommended that—

(a) the Minister for External Territories be authorized to express the Government's attitude towards unity of Papua and New Guinea on the following lines—

- (i) the Government has since last war administered the two territories as one single administrative unit and the economic development programme is based on the Territory as a single unit;
- (ii) that the House of Assembly, the authorized bodies of Anglican and Roman Catholic Churches and other responsible opinion in the Territory have endorsed the need for national unity;
- (iii) that so far as New Guinea is concerned the Trust Agreement with the United Nations is founded upon the concept of the present Trust Territory of New Guinea;
- (iv) that the Government does not accept that any move towards secession would be in the Territory's interest at this stage of its development; if in the future a question of this kind arises it would be a matter for determination by all the people of the Territory.

(b) Cabinet endorse arrangements under which, at the request of the Minister for External Territories and with the concurrence of the Prime Minister, the Minister for Defence may recommend to the Governor-General that authority be given to deploy elements of the Pacific Islands Regiment to guard important points or as a last resort

⁶ See footnote 2, Document 50.

to back up the Royal Papua and New Guinea Constabulary if this should become necessary to maintain public order.⁷

[NAA: A5868, 577]

269 TELEX, WARWICK SMITH TO HAY

Canberra, 12 May 1969

4679. UNCLASSIFIED PERSONAL

1. Policy papers are now being prepared on Commonwealth attitude towards the questions of constitutional development in the event that a Select Committee is established.¹
2. We would not expect Government to oppose establishment of Select Committee on lines foreshadowed by Arek's motion. We are assuming two or three Official Members would need to be on the Committee, firstly to share the burden, secondly to reinforce each other's arguments, thirdly to enable some variety of presentation of official position. Please advise officially your nomination for Minister's approval.
3. Similarly we do not anticipate any difficulty so far as Government's attitude is concerned towards exploration by Select Committee of possibilities of changes in legislature e.g. establishment Second House (House of Review)[:] removal of regional seats from House of Assembly: reduction in number of Official Members: removal of vote from Official Members etcetera: nor do we see any problem in official view being put through Official Members if Select Committee starts to examine possibility of changes within existing approved arrangements under section 25;² for example there have been suggestions that the House of Assembly might nominate the actual number of Ministerial Members (allocation of portfolios still being a matter for the Minister through the Administrator) as well as the actual number of Assistant Ministerial Members. The Committee might also wish to explore ways and means of improving operation of present arrangements i.e. particularly the ministerial membership system as now operating. Again we would see this being handled through Official Members of the Select Committee.

⁷ An interdepartmental meeting discussed the submission on 14 May. The Departments of Prime Minister, Defence, Army and External Affairs said the submission did not contain enough information for a decision to be made on the recommendation in 14(b). In particular, these departments were unclear as to whether Barnes sought approval for use of the PIR as 'a supplementary police force to maintain law and order in Bougainville' or as 'a military force to put down a secessionist movement'. DEA was not keen on the use of the PIR to maintain civil order as it 'would be certain to attract international attention and criticism'. DEA believed both order and the maintenance of the Territory's integrity were best managed by the Administration—and all departmental representatives, bar that of DOET, thought it desirable to undertake an interdepartmental study on 'the whole range of circumstances in which the P.I.R. might be used and the considerations which might be seen to apply in different situations'. Territories said that it would do everything to maintain control by civil means, but that at short notice 'circumstances might arise in which the support of the P.I.R. would be essential ... it was a matter of having reserve authority, the existence of which would be kept entirely secret' (submission, Booker to Freeth, 14 May 1969, NAA: A1838, 936/3/21 part 1).

¹ See Documents 261 and 263.

² See Document 197.

4. If however Select Committee wished to move beyond the present arrangements approved by the Minister under section 25 in the direction of greater powers for Ministerial Members though still within section 25 we would see such question being discussed with the Minister by the Committee. (Similarly with question of changes under Section 24.)³

5. If the Committee wishes to go beyond the terms of section 25 (i.e. the Administrator, on behalf of the Minister, retaining powers of decision) and thus moving further in the direction of self government, this would be a matter as we see it for the Select Committee to discuss with Commonwealth ministers.

6. Paragraph 5 would of course raise the question of financial, administrative and political capacity of the Territory and whilst we would not envisage that Official Members would be asked to debate the issues with the Select Committee obviously they would need to be very fully briefed in relation to informal discussions with Committee members, and comments in the House. For this purpose we would propose meetings here in Canberra similar to those engaged in during the currency of the last Select Committee for the purpose of consultation regarding the official brief to Official Members of the Select Committee if one is established.

7. Appreciate advice within the next couple of days of any views you may wish to put forward in this⁴ connection with the above.⁵

[NAA: A452, 1969/1135]

270 DRAFT SUBMISSION, BARNES TO CABINET¹

Canberra, 13 May 1969

CONFIDENTIAL

Papua and New Guinea Constitutional development

This submission seeks Cabinet approval for a proposed attitude towards further constitutional development of Papua and New Guinea.

3 Section 24 is quoted in editorial note 'Changes to the Papua and New Guinea Act'.

4 This word appears to be superfluous.

5 Hay responded: 'I can see no need to approach the Government at this stage but agree that a range of proposals could be developed in the meantime. I consider that official members could vote for the establishment of the committee if a division is required as the Government's position is such that it would be difficult to appear to be opposed to what is essentially a modest and restrained motion. It is about as restrained a motion as we are likely to get and does not envisage a final report until the second last meeting of the House which presumably would be in late 1971. If the committee has a membership of fourteen I see no difficulty in the inclusion of two official members' (telex 3660, Hay to Warwick Smith, 21 May 1969, NAA: A452, 1969/1135).

1 In March, Warwick Smith had asked Ballard to appraise possible constitutional developments for the Territory 'with a view to working up a major cabinet submission recommending a course of constitutional development which, if approved, could be pressed before the Select Committee' (minute, Kirkpatrick to Ballard, 28 March 1969, NAA: A452, 1969/1135). Note: given the submission's status as a draft, its numerous handwritten corrections are incorporated without being indicated.

Background

2. Recent amendments to the Papua and New Guinea Act relating to the size of the House of Assembly and the present form of administration were made on the recommendations of a Select Committee of the previous House of Assembly. A further motion for a similar Select Committee is now on the Notice paper of the House of Assembly and will probably be debated in June.

3. When the previous Select Committee was appointed, Cabinet (Decision No. 23 of 1966) approved certain principles relating to increased participation in the executive government by elected members.² These are set in the annexe.³ The need for the Commonwealth to retain control over the strategy of the Budget was re-affirmed in Decision No. 547 of 1966.⁴

4. There is no common mood in the House of Assembly. The members of the Highlands want no further political changes and seek economic development in which they feel they lag behind the earlier developed coastal areas of Papua and New Guinea. The Pangu Pati, which consists of 8 of the 84 elected members, seeks immediate 'Home Rule' which it sees as something short of self-government. Two or three members have said self-government should come in 1972. Others have asked the Government to set target dates—20 or 25 years being mentioned.

5. The House is very volatile. It has shown a tendency to suspend standing orders in the interests of speed too freely. Legislation (very often ill-considered Private Members Bills) is sometimes passed in an emotional atmosphere without any real discussion of its substance or without the bulk of members understanding the substance of the issue.

Possible approach

6. The principles previously approved by Cabinet remain valid. There seem, however, to be some further principles which would be appropriate. These are—

- (i) the pace and nature of political development is a matter for the people of the Territory;
- (ii) responsible government involves financial responsibility in the sense of balancing proposed expenditure against revenues raised from taxation—although this does not exclude some overseas aid;
- (iii) the rate of political development should be in harmony with economic and social progress.

7. Possible changes fall to be considered in three directions. Changes could be made in the form of the legislature; the scope and range of the present Ministerial Member system could be widened; full self-government could be conferred. Each requires a different approach.

8. I do not anticipate proposals for changes in the Judiciary. The principle of an independent judiciary is well accepted in the Territory. This is, however, the area in which the least participation by natives has so far been achieved and it is important to look for ways in which this can be improved.

The legislature

9. The House of Assembly consists of ten official members, fifteen members elected from regional seats and 69 from open electorates. In the previous House ten members

2 Document 13.

3 Not printed.

4 See Document 69 and footnote 2, Document 71.

were elected for 'reserved' electorates [i.e. only expatriates could. Substantially [those] with the equivalent of the NSW School Certificate may stand.]⁵ From these regional electorates 11 out of the 15 are expatriates.

10. Eight of the 69 open electorates are also ...⁶ in the House by expatriates. The idea of the reserved electorates in the 1964 House was that leadership from Australian members would help the House. Indeed there is a danger that excessive expatriate Australian membership will inhibit the proper development of the House.

11. There would be substantial improvement if the regional electorates were dropped and replaced by a House of Review containing people elected on a regional basis. This would possibly be indirect election through local government councils. Such an amendment could be a positive factor in promoting national unity and should ensure that legislation was not passed without due deliberation. This House might include a few official or other nominated members but no Ministerial Members.

12. There are a number of other possible changes in connection with the House of Assembly which could usefully be discussed. Ministerial officers are selected in negotiations between the Administrator and a Committee appointed by the House and the final list is approved by the House of Assembly. If the electors are concerned that these members once appointed no longer represent the wishes of the majority there may be scope for a more direct method of selection—although the Government should retain the power to select portfolios.

13. There might also be a case for including in the Administrator's Executive Council one or two nominated members who are not members of the other⁷ House (nominated Ministerial Members).

14. I consider that these matters and any other matters concerning the composition of the House of Assembly to be discussed in a Select Committee on the basis that official members promote the proposal for a House of Review to replace the regional electorates. So long as the Government is satisfied that there are enough official members to ensure that Government business is adequately carried out it should be practicable to accept recommendations concerning the form of the legislature. The Select Committee could also examine the effective working of the present arrangements.

Ministerial Members system

15. Sections 24 and 25 of the Papua and New Guinea Act provide that the role and functions of Ministerial Members shall be determined by arrangements made from time to time by the Minister and at present they share responsibility with the Departmental Head. The functions of Assistant Ministerial Members are much more limited. There is room for enlargement of the authority of Ministerial Members without amendment to the Papua and New Guinea Act. They could become fully responsible to the Administrator for their Departments. Their functions could be expanded to cover the whole range of Government business except the reserved subjects (see (ii) in the annexe). The role and functions of Assistant Ministerial Members could be increased.

⁵ Text in parenthesis represents an editorial interpretation of a handwritten revision.

⁶ Text indecipherable.

⁷ This word and the first 'to' in the next sentence are perhaps superfluous.

16. As changes of this nature are made by the Minister I would propose to make it clear that I would be willing to discuss any proposal the Select Committee might wish to make.

Responsible government

17. It is likely that some members will seek self-government in 1972 despite the fact that the Territory will not by then be in a position to sustain this financially. At present, taking into account the grant to the Administration and direct spending by Commonwealth Departments about two out of every three dollars of public expenditure are provided by Australia. If this proposal is made official members will stress that responsible government must involve some financial responsibility; self-government is not a matter of a group of Territory politicians gaining complete control of all the funds which they would expect to continue to receive from the Australian taxpayer. If nevertheless the Select Committee wishes to consider self-government it would be appropriate for the Committee to have discussions with Ministers. These would cover criteria for self-government, procedures and the form of financial and other aid that a self-governing Territory could expect to receive from Australia.

Recommendation

I recommend that—

- (i) the proposal for a further Select Committee on Constitutional Development should not be opposed;
- (ii) official members should adopt the following attitudes to discussions in the Select Committee on—
 - (a) The Judiciary—as in paragraph 6
 - (b) The Legislature—as in paragraphs 9–14
 - (c) The Executive—for changes within the present arrangements as in paragraph 14.
 - for changes in the arrangements made under sections 24 and 25 of the P.N.G. Act that this should be discussed with the Minister
 - for self-government that this should be discussed with Ministers.
- (iii) if proposals are made for changes in arrangements approved for the Ministerial Members system these should be the subject of discussions with the Minister.
- (iv) if proposals for self-government are made
 - (a) discussions on the nature and form of aid after self-government should be discussed with Ministers; and
 - (b) the Treasurer, Attorney-General and I be authorised to hold such discussions with the Select Committee.⁸

[NAA: A452, 1969/1135]

⁸ A decision was made not to put the submission to Cabinet until after the Committee had been established (minute, Ballard to Douglas, 19 May 1969, NAA: A452, 1969/1135).

271 TELEX, HAY TO BESLEY

Port Moresby, 16 May 1969

3535. CONFIDENTIAL

1. My 3532.¹ District Commissioner² reported last night that council under intense pressure from Tammur, Titimur and Tomot lasting whole day, finally passed resolution asking that proclamation setting up multi-racial council be withdrawn and elections deferred.
2. This morning as notified to Besley on phone, demonstration is taking place in Rabaul organised by Tammur who had previously consulted District Commissioner and gained permission on grounds that march would be orderly and peaceful. Object of demonstration was said to be to seek postponement of council elections (due next Tuesday 20th May).³ Early reports indicate some 5,000 marchers including women and children with some placards of anti-Administration and anti-European nature. General tenor of Tammur's influence in recently weeks has been strongly anti-European. He has also made use of impending Evidence Land Titles legislation⁴ to strengthen his claim that a multi-racial council will be dominated by Europeans and used to prevent Tolais getting just treatment in respect of land. Evidently the issue is channeling all the Tolai feelings relating to land into strong pressure to retain existing uni-racial council.
3. In the light of what appears to be sectional pressure I have not agreed to request for withdrawal of proclamation or postponement of elections.⁵

1 16 May, to Besley. It called for Barnes to be informed of a campaign by Oscar Tammur to secure postponement of elections for the Gazelle multi-racial council (for background, see Documents 241 and 245). Hay noted that the formation of the council was decided by the AEC 'on virtually unanimous recommendation' of the existing council and he added that Tammur and Titimur had recently 'come out in strong opposition'. (NAA: A452, 1969/2889). For Hay, the 'first intimation' of 'serious trouble' came during a visit to Rabaul over the Anzac day weekend; a 'very agitated' Oscar Tammur asked for a private meeting in which he requested cancellation of the council proclamation and the elections (Hay interview, 1973-4, NLA: TRC 121/65, 4:2/26-7).

2 H.W. West.

3 In a submission to Barnes informing him of the impending march, Ballard had commented: 'The change in the status of the Council was announced on 12th February ... Several villages included in the new Council area had expressed opposition to council government in the past. There was no expression of hostility to the proposal when it was first announced however ... and no overt opposition was expected ... Agitators are apparently attempting to rouse opposition on an anti-Administration - anti-European basis. Mr. Titimur ... is regarded as having an unstable personality by both the Administration and some indigenous members of the House ... The extent of the opposition to this change is not known and cannot be accurately gauged until the march, and probably elections, have been held. It does give an indication, however, that Bougainville is not alone in harbouring dissident feelings or possessing M.H.A.s who express and encourage such feelings' (16 May, NAA: A452, 1969/2889).

4 See Document 263.

5 In his conversation with Besley, Hay said that the council had reversed its resolution 'under obvious pressure from Tammur and Titimur'. Responding to Hay's suggestion that the elections should proceed, Besley commented that 'this was the right decision'. Besley thereafter informed Barnes of the discussion (minute, Besley to Warwick Smith, 16 May 1969, NAA: A452, 1969/2889). Hay's decision was made in consultation with senior Administration officers, including Johnson, Ellis, Pearsall and Whitrod. Hay's view 'was that we should not give way, that to give way under pressure like this would look very bad indeed and would submit the Administration to similar pressures from other groups later on. We were under the difficulty that there was a resolution of the Council, but ... all the information ... indicated that the resolution was passed under duress and in very peculiar circumstances, and I wasn't really prepared to accept that resolution as a recommendation, bearing in mind that I'd had a contrary recommendation before'. This view was supported by the group after 'careful consideration'. Johnson was 'the one who was most uneasy ... who possibly saw the consequences ... But ... he didn't press his point unduly' (Hay interview, 1973-4, NLA: TRC 121/65, 4:2/31).

4. Police are on alert. Toliman has agreed to issue statement through A.B.C. generally supporting the Administration's position and emphasising that elections to be held are the means by which Tolais can freely express their opinion.

5. Will keep you informed.⁶

[NAA: A452, 1969/2889]

272 SUBMISSION, RESEIGH TO BARNES

Canberra, 19 May 1969

PNG—strengthening of social affairs function

In conjunction with the Administration, the Department has recently focussed attention on increasing social problems resulting from accelerated economic development. These problems are more obviously seen in the towns with the increase in squatter settlements, youth unemployment and social welfare casework but have their origin in the growing drift of populations away from the villages. There is a need too to take more account of the social problems inherent in economic development as seen say in the difficulty of welding a community from the diverse group settled at Cape Hoskins.

2. It is believed that some immediate measures should be taken to strengthen the responsible Administration organization, the Social Services and Community Development Division of the Department of District Administration, both to meet existing needs and to cope with future developments in a more orderly fashion. The Division should form the nucleus of the social affairs department recently approved in the review of the Administration structure.¹

3. The main problem areas it should be concerned with seem to be—

Squatter settlements: a number of reports bear out that squatters are a Territory-wide problem (estimated 30,000 squatters), numbers are on increase, overcrowding and poor or no sanitation are rife, and there is present dissatisfaction and growing potential for delinquency and civil disturbance.

Breakdown in village life: more and more villages are losing out in competition with towns and young men and women are going to the towns well in excess of their prospects of finding stable urban employment.

Problems of adjustment: found especially with newly educated young but full range of social problems common in urbanised communities now occurring amongst regular town-dwellers—marital disputes and maintenance problems, delinquency, financial problems, early pregnancies amongst educated girls. The Catholic Bishops have recently expressed

6 Hay reported to Besley later in the day that further estimates had put the crowd at 8–10,000. Speakers included Damien Kereku, a local school teacher, Tomot, Titimur, Tammur and Robin Kumaina, a Reserve Bank clerk. Tammur 'concentrated on [the] thesis that [the] council had not informed people before passing [its] resolution' and asked 'whether this [was] a democratic country or a totalitarian one'. Tammur also handed a resolution to West (telex 3536, NAA: A452, 1969/2889). On 19 May, Hay cabled Warwick Smith that the situation in Rabaul had been quiet over the weekend, though Tammur and Titimur had continued to hold meetings in villages opposing the inauguration of the MRC and were 'probably urging people not to vote in the elections' (telex 3568, *ibid.*).

1 See editorial note 'Reconstruction of the PNG public service and the Fenbury Affair'.

concern about the condition of indigenous family life, especially in regard to family break-up caused by employment practices and 'sub-human' housing conditions.

4. Basically, a two-pronged approach is needed: *remedial* action to contend with the already existing welfare and housing problems of the towns, and *preventive* measures, to counter further urban drift, aimed at village life. In the towns, the problems and the measures needed to meet them are well known: there should be an increase in welfare staff to undertake social casework and assist with no-covenant housing schemes, and greater assistance to voluntary agencies promoting youth work, self-help schemes etc. Additional welfare staff should also assist with the spread of family planning.

5. Improving the attractiveness of village life is a far more intractable problem and requires consideration of new approaches. The recommended approach is a community development programme aimed at stimulating social and economic development especially in poorly endowed areas. Community development advisers would have responsibility for encouraging self-help schemes aimed at village improvement and ensuring that Administration programmes in agricultural extension, vocational training, health etc. were properly co-ordinated and fully effective at village level. A submission on the steps required to establish a full-scale community development programme will be made at a later date; the present submission concentrates on immediate steps forward.

PROPOSALS

6. Serious shortages now exist in both social welfare and community development staff in quite key areas including West New Britain, Bougainville and West Sepik. There are few welfare staff and no community development staff in the Western and Gulf Districts, the original home of many Port Moresby squatters.

7. It is proposed that the Public Service Board should be asked to—

(1) increase recruitment of both local and overseas welfare and community development officers. No community development officers and only three overseas welfare officers have been included so far in the draft 1969/70 recruitment programme. The welfare division has indigenised as much as possible but its local officers need more experience and training before they can take on greater responsibilities. The staff increase recommended would therefore be at least 3 or 4 community development advisers (overseas) and six welfare officers (overseas) with necessary increases in local staff.

(2) review the establishment for the Social Services and Community Development Division taking account of the increased priority to be given to social and community development activities.

8. It is proposed that funds for training courses (community education courses, women's club leaders and Council community development workers) should provide for an expansion of activities. The amount required in 1969/70 would be no more than \$30,000 (although only \$22,000 has been budgeted for to date). The votes for grants to voluntary agencies and missions and for assistance to self-help community projects should also be increased. The latter funds, which need not be substantial (say \$10,000), should be available to community development advisers as uncommitted funds to be used for 'pump-priming' purposes i.e. setting going particular village projects which have not yet or will not appear on a normal works programme.

9. The above proposals are the result of joint Administration/Departmental investigations over a number of months and while they have not been cleared in detail with the Administration, the Administrator and his officers are in favour of development along these lines. Further programmes will undoubtedly be needed, but it is considered the measures proposed should be taken as a first step.

RECOMMENDATION

10. It is recommended that the measures proposed in paragraphs 7 and 8 above be taken as a first step in expansion of social welfare and community development activities.²

[NAA: A452, 1969/3988]

273 CABINET DECISION NO. 1044

Canberra, 20 May 1969

SECRET

Submission No. 577—Papua and New Guinea: national unity and public order¹

Addressing itself first to the issue of possible secession movements in Papua – New Guinea, the Cabinet reached the view that the Commonwealth ought, increasingly, to rely upon the views of the House of Assembly of Papua – New Guinea in matters of general policy affecting the Territory, including in the matter of national unity. It noted that the House of Assembly had already declared in favour of national unity—see Annex ‘B’ to the Submission.²

2. It noted further that the political problems arising from C.R.A.’s operations in Bougainville are likely to be debated in the House of Assembly in June—see paragraph 10 of the Submission.

3. In the circumstances, the Cabinet agreed that at this point the Minister for External Territories could be authorized to go as far as to express the Government’s belief that the interests of the people of Papua – New Guinea are best served by national unity and to say that the Government endorses the House of Assembly declaration in this regard.

2 In a marginal note to Barnes of 17 May, Warwick Smith wrote: ‘I think it is important to pay attention to the human side of the economic development programme, which could otherwise be negated’. Barnes approved the recommendation on 19 May. Warwick Smith therefore sent Hay a paper proposing the formulation of a social development program, hoping that ‘we could quickly agree on timing and method of approach’—though he did ‘not envisage ... that we are looking at a too-lengthy exercise nor would I expect it to be one of the breadth and scale of the economic development programme. We will obviously need to avoid any raising of expectations beyond foreseeable resources’ (letter, Warwick Smith to Hay, 11 July 1969, NAA: A452, 1969/3988). In September, discussions were held in Canberra with Fenbury, after which there were negotiations between Territories and the Administration over the organisation and policy direction of the new Department of Social Development and Home Affairs (see *ibid.*). There had earlier been a complaint from Hay that Document 272 had presented the Administration with a fait accompli regarding this department’s policy focus, an allegation dismissed by Besley who said he would point out to Hay that ‘in fact the Administration’s views were obtained and ... in all submissions to the Minister this is a procedure rigidly followed by the Department’ (minute, 28 June 1969, Besley to Reseigh, NAA: A452, 1969/3983).

1 Document 268.

2 See Document 246.

In any such statement, the Cabinet would not wish the secession issue to be taken up in terms—for example as is suggested in paragraph 14(a)(iv) of the Submission. Beyond that, it noted, without necessarily adopting them or tying the statement to them, the lines sketched in paragraphs 14(a)(i), (ii) and (iii) of the Submission.

4. As regards the proposal to deploy the P.I.R. in certain circumstances to assist in the maintenance of public order, the Cabinet saw this as carrying wider implications of great significance involving other portfolios, for example, Defence, External Affairs and Army. It felt that before it came to any decision, it needed to have these implications fully identified. It therefore decided to remit the proposal for further study and report by an Inter-departmental Committee comprising the Departments of External Territories, Defence, External Affairs, Prime Minister's and Army.³

[NAA: A1209, 1969/9031 part 7]

274 SUBMISSION, BALLARD TO BARNES

Canberra, 23 May 1969

Papua and New Guinea: Gazelle Peninsula—protest march

Following a march through Rabaul of between 5,000 and 10,000 persons on Friday 16th May¹ a number of resolutions referring to the establishment of the Gazelle Local Government Council as multi-racial and signed by Mr. Melchior Tomot as Secretary to the meeting held before the march were presented by Mr. O. Tammur to the District Commissioner. In summary these resolutions which have been numbered a–h stated:

2. (a) No committee was set up to explain the implications of a multi-racial council, the Tolais were not consulted, the people were surprised to hear their council has been undemocratically proclaimed multi-racial.
- (b) This group (of 10,000) believes it is right in opposing:
 - a multi-racial council—is a step towards self government which should be manned by entirely indigenous staff;

3 Warwick Smith organised a meeting with his counterparts in these departments 'with the aim of laying down something of a pattern that the inter-Departmental Committee might follow'. He suggested there was 'an unsettled situation in several areas of Papua and New Guinea and we are anxious to report back to Cabinet at the earliest possible date so that we will all—including the Administrator of the Territory—know where we stand' (letter, Warwick Smith to Plimsoll, 30 May 1969, NAA: A1838, 936/3/21 part 1). At the preliminary meeting, during which 'nothing concrete' emerged, Plimsoll emphasised that actions to quell civil disturbances in PNG would be seen in racial terms. Instancing international reactions to the Sharpeville shootings in South Africa, he also said it would be 'extremely important to try to avoid *killing* anyone'; such reactions 'could be incalculable' (note for file by Plimsoll, 5 June 1969, *ibid.*). Plimsoll's comments were indicative of the cautious views outside Territories, and interdepartmental consultations continued throughout the year. Initially, papers by all departments were considered (for DOET's paper, see memorandum, DOET (Besley) to DEA, undated, *ibid.*) and though there were 'no real differences on essential policy' there were 'real' variations in 'emphasis' (minute, Coles to Doig, 19 June 1969, *ibid.*). Territories' subsequent collation of the papers into a single piece was criticised by DEA as 'too generalized'; 'No mention is made of any particular situations ... which might require the intervention of the army'—and it was thought the paper did not address the original question of 'whether the existing procedures for calling out the army are adequate' (minute, Coles to Doig, 2 July 1969, *ibid.*). Disagreement over the paper continued through August. In DEA, Coles wrote of 'the basic concern that the significance of employing the army to enforce law and order in the Territory (e.g. Bougainville) should not be minimised. The pressure from ... External Territories is to play down the significance' (minute, Coles to Doig, 20 August 1969, NAA: A1838, 936/3/21 part 2).

1 See Document 271.

- the proclamation made by a minority of officials;
 - the proclamation transgresses the *U.N.O. charter*;
 - the Administration should not quote *the U.N. charter* because House of Assembly has disapproved of U.N.'s excessive vigilance over the Territory's affairs.
- (c) Group concerned that proclamation is to be followed by land legislation at next House sittings. Fears expressed that land rights might be lost.
- (d) Group realises need to retain expatriates but people should be trained to govern in own way, not expatriates' way.
- Group demands immediate hearing of outstanding land cases;
 - Group demands immediate compensation payments for alienated land but would prefer return of lands and rights rather than money;
- (e) Members of group representing 70 villages believe Administration is ruling Council—villagers no longer have a say.
- (f) Group no longer has confidence in Administration at Rabaul.
- (g) Group concerned that Administration has bought up all arable land in New Britain and is permitting private companies to exploit all economic resources. At independence there will be no resources left with which to finance government.
- do not want multi-racial unity before self government—it is wrong to grant real power to present local government councils.
 - it is wrong for Administration to bind people together by multi-racial councils before giving councils real power—this is an injustice.
 - we believe Mr. Barnes does not want us to prepare ourselves to govern by stopping any significant developments for 7 years.
 - natives do not benefit from 5 year plan—only expatriates.
 - Group fears rule by white planters—offer of \$60,000 shows corruption is possible.²
 - native ex-servicemen are not receiving same benefits as Australian ex-servicemen.
 - Group rejects the multi-racial council.
 - Government policies show Australia wants to deprive us of right of governing ourselves.
 - What benefits will natives receive from multi-racial council? Group believes—
 - multi-racial council a neutralizer to weaken unity of Tolai people.
 - proclamation should be revoked.
 - Members of Group wonder who were originators of multi-racial council. Some councillors claim³ did not know implications—where are we going?
 - Group confidently affirm 90% of mixed races do not like multi-racial councils.

² See footnote 5, Document 321.

³ The word 'they' seems to be missing here.

- (h) Group resolves not to vote in elections but will pay tax to old council.
 - believes expatriates on council will dominate council.
 - why was Tolai council proclaimed after mainland councils?
 - Tolai council was first ever proclaimed—Tolai people should have had precedence in establishing a multi-racial council.
 - Government proclaimed other councils first⁴ people less sophisticated than Tolais—could not see disadvantages of multi-racial councils.
 - wrong to force Tolais with no experience of government into multi-racial council.
 - Group desires that natives not expatriates should run country.
 - Proclamation should be revoked—old council should be restored.
- 3. The Department has sought an assessment of the result of the elections. It has also asked for the Administration's reaction to a proposal to re-introduce legislation making possible the acquisition of unused freehold land. It also proposes to ask the Administration's reaction to the press suggestion that the agitation relates more to Oscar Tammur's political activities than to any real sense of grievance.⁵
- 4. The Administration has now advised—
 - Council elections will take up to two weeks to complete.
 - On first day there was evidence of organised absenteeism in some polling places but reasonable voter roll up in others.
 - Everything orderly.
 - Department will be kept informed of developments as they arise.
- 5. I will keep you informed.

[NAA: A452, 1969/2889]

275 LETTER, HAY TO WARWICK SMITH

Port Moresby, 23 May 1969

Mr. Paulus Arek called to see me yesterday about his motion for a Constitutional Committee.¹ He said that he had been giving a good deal of thought to the matters which should be considered and also to the way in which the Committee should be organised. He had been doing some reading and also had had discussions with interested persons, including Mr. John Guise as Chairman of the previous Constitutional Committee.

I asked Mr. Arek whether he expected to have sufficient support in the House for his motion. He said that he saw no problem in this but intended to discuss his motion further with the independent group and with others. He emphasized that he did not intend to encourage or foster radical suggestions. Indeed, he felt that the way his motion had been worded should be sufficient evidence that his aim was to forestall radical suggestions,

⁴ This should probably read 'for'.

⁵ In marginalia of 23 May, Warwick Smith wrote to Barnes: 'The press suggestion was that Oscar was a "rabble-rouser"—basing his political appeal on such activities'.

¹ See Documents 261, 263, 269 and 270.

which he felt were inevitable unless there was some formal method by which interested people could address themselves to constitutional questions.

I then raised with Mr. Arek the kinds of problems which I felt a Committee could discuss, including whether there might be a second House, the relationship of Ministers to the House, the question of federal versus a unitary system and similar, purely constitutional questions. I tried to draw the distinction between this type of question and the question of evolution of authority from the Australian Government to the Territory. I said that the existing Papua and New Guinea Act provided ample room for movement in the latter respect for the foreseeable future. I am not sure whether Mr. Arek understood and accepted the distinction between the two kinds of matters for enquiry.

Mr. Arek then mentioned that he hoped the Administration would help the Commission² with secretarial staff and also with a Constitutional Adviser. He thought it might be possible to draw an Adviser from either Australia (which seemed to be his preference) or elsewhere such as Britain, who would have knowledge of constitutional matters and would be able to guide the Commission. I said that consideration could be given to a proposal of this nature but the important thing was to ensure that any Adviser was the servant and not the master of the Committee. I said there was a tendency on the part of constitutional theorists to pay more attention to putting their name on a new constitution than advising persons who had to live with such a constitution. Mr. Arek appeared to take this point and said he would naturally want to discuss the person to be chosen with the Administration beforehand.

Summing up, Mr. Arek said that his intentions at the moment were (a) to get his motion through the House; (b) to talk to the Administration in relation to membership of the Commission, organisation, staff, etc.; and (c) to get the membership and administrative arrangements agreed upon by the House of Assembly.

I said I would be glad to discuss these matters with him again before the House sits.

You may also wish to know that Mr. Watts, the Regional Member for the Western Highlands, discussed the Constitutional Committee with me earlier in the month. It was his view that the House would in all probability pass Mr. Arek's motion and that it would be impolitic for European Members to resist. He said that his own approach was a good deal different from that of Mr. Arek. He envisaged a Committee of experts rather than a Parliamentary Committee. He felt that the trouble with House of Assembly committees was that they did not know sufficient about the subject matter to make appropriate recommendations and that they tended to be diverted on to matters such as rate of movement towards self-government when they should be thinking of purer constitutional issues. He said that he thought that a committee of real constitutional experts would lift the level of discussion very much higher and would incidentally take a good long time to complete their work. I said that I would give consideration to his views. I pointed out that often constitutional experts were more interested in the theory than in the practice and that this was occasionally a disadvantage. There was some merit in having a constitution actually drawn up by persons who were going to have to live under it and by persons who were subject to the influence of electors.

It is early yet to assess the fate of Mr. Arek's motion. A good deal will depend on what happens when the Members get together before the next House of Assembly. It is clear,

2 This and following references to 'commission' should probably read 'Committee'.

however, that there will be a good deal of difference of opinion about the terms of reference for any Commission that may be set up.

I should be glad if you would show this letter to the Minister.

[NAA: A452, 1969/1135]

276 MINUTE, BALLARD TO VIZARD

Canberra, 23 May 1969

Constitutional development

We will prepare a Working Paper on Constitutional Development to discuss with the Official Members before the meeting of the House when Arek's motion is going to be debated.

[*matter omitted*]

3. You should prepare as soon as possible a working paper which leads to the conclusions in the draft Cabinet submission¹ but which spells out our reasons in greater detail for the purposes of discussion with Official Members. The really critical thing is to get over to the Official Members the difference between representative government which they now have and responsible government.

4. You should quote from some of the statements made by the Minister about balanced political, economic and social development; and about the need to have a reasonable financial base for self government. Point out that in 1972 the financial base for self government simply will not exist. The Maori Kiki approach² is not in accordance with official Government statements and the assumption must be that the Australian grant would be replaced by assistance different in character and in quantity if the Territory moves to self government. You would then come to the conclusion set out in the draft Cabinet submission that if there are proposals for self government which the Select Committee wishes to entertain they should do so in discussion with Ministers.

5. With regard to variations to existing constitutional arrangements short of self government I think the paper should include the annex to the Cabinet submission which contains the criteria which was previously laid down by Cabinet and which seems to be perfectly satisfactory.

6. This is the time for Official Members to say openly that the Ministerial Member system does not apply to reserved subjects³ (but this need not apply to Assistant Ministerial Members). In presenting this, reference could be made to the provisions for reserved

1 Document 270.

2 In a visit to Australia during April and May, Maori Kiki was quoted as saying 'If [Pangu] get[s] a majority at the next election, we want self-government tomorrow'. He also said that an independent PNG would attract funds from a number of sources, including Australia, the US and, if necessary, communist countries. 'We would', he said, 'hope to draw financial support from everywhere'—'Just because you accept help from communists it doesn't mean you are a communist yourself' (*Australian*, 30 April 1969, NLA: mfm NX 48. See also MIS no. 5/69, 6 June 1969, NAA: A1838, 936/3/15 part 5).

3 See footnote 3, Document 5.

subjects in the B.S.I.P. constitutional proposals.⁴ This is a quite standard provision and should be presented openly and publicly as such.

7. Subject to this the Official Members should understand that—

(a) Ministerial Members can be appointed under Section 24⁵ to cover the whole non reserved area; and

(b) Their functions can be expanded under Section 25 to give them a fuller extent of authority within the criteria laid down by Cabinet.

8. This sort of argument leads to the fact that the Minister is authorised under the Papua and New Guinea Act to determine the role and functions of Ministerial Members and Assistant Ministerial Members and any proposal in the Select Committee for review of the existing arrangements should be discussed with him.

Changes in the legislature

9. The Administration have already got some preliminary thoughts about a possible Second Chamber:—The only reaction that we have received {was} Johnson's sarcastic comment about creating a bunyip aristocracy. We want to make some specific points in connection with the legislature which will show to the Administration that we are not stressing this as a means of diverting attention away from changes in executive government. These points are—

(1) The present arrangement under which legislation is taken through all stages in one meeting is inherently bad—if the Administration {do} it we cannot expect the private members not to. This is⁶ really caused the so called confrontation of the Lussick Bill;⁷ it is the real cause of discontent also over Lussick's Crocodile Bill.⁸ The 21 day rule will not suffice. Second house of review would give time for cooling off.

(2) A second House based upon regions could positively assist in national unity by watching the interests of the remoter regions in the same way as the Senate watches the interests of the smaller States.

— The present Local Government Association with the embellishments set out in the draft Cabinet submission provides a ready basis for such a Chamber.

(3) There is a political judgment which needs to be made about the desirability to maintain regional electorates and if it is desirable to get rid of them a second Chamber would provide an obvious way of doing so.

4 In proposals on constitutional development in the Solomon Islands, the UK High Commissioner would not have to consult the elected Council on issues relating to 'defence, external affairs, internal security and the police and certain matters relating to the civil service ... In addition, the independent position of the Judiciary, [and] certain departments of Government ... would be maintained'. Other powers (though perhaps not those Ballard had in mind) included the ability to act against advice 'for the purposes of maintaining or securing financial or economic stability', to pass motions rejected by the Council and to refuse assent to bills. The High Commissioner could also make laws when the Council was not sitting. With regard to 'powers of an executive nature or of making subordinate legislation', he would consult the Council and would be obliged to act in accordance with its advice 'unless he considered it expedient in the interests of public faith or good government to act otherwise' ('Interim proposals on constitutional development', Legislative Council paper 119 of 1968, 4 December 1968, NAA: A1838, 317/1 part 2).

5 Sections 24 and 25 are quoted in the editorial note, 'Changes to the Papua and New Guinea Act'.

6 This word appears to be superfluous.

7 See editorial note 'Tensions in the House: the Chatterton and Lussick bills'.

8 Presumably, a reference to P.G. Johnson's crocodile bill; see Document 263.

In the last House there is no doubt at all that the European members from special electorates were more trouble than they were worth. In the present House I think it is probably true to say that a number of European members adopt a much more responsible attitude than Barrett or Downs. On the other hand the rationale for special electorates (i.e. the doubt whether Australians would be elected at the open electorates) no longer exists and in addition the standing of the indigenous members for the open electorates improves with each House.

This is an area on which the Minister would want an assessment from the Official Members themselves.

The objective of the paper in this area must be to stress the fact that there {are} real issues which have to be discussed logically and are not merely brushed aside.

11.⁹ There are a number of other proposals mentioned in the Cabinet submission for variations in the A.E.C. and the House which should be canvassed. There is clearly room for the Budget Committee to advance towards what the previous Select Committee expected it to do.¹⁰ Any Select Committee will clearly need to examine the existing role and functions of Ministerial Members. This means that the existing arrangements under Sections 24 and 25 would have to be made available to the Committee and we should discuss the extent to which Ministerial Members are performing the functions in Departments in accordance with recommendations of the previous Select Committee and in accordance with the approved arrangements. You should try to imply in this that in some cases at least the Administration should wake up to the fact that Ministerial Members patently are not performing these functions particularly in the continued role of Assistant Administrators as overlords and in regard to the fact that there have been no financial delegations to them. This could lead to criticism by the Select Committee in that the present system does not give effect to the intentions of the last Committee which the House of Assembly had understood had been accepted by the Government.

[NAA: A452, 1969/1135]

277 MEMORANDUM, ADMINISTRATION (HAY) TO DOET

Port Moresby, 2 June 1969

SECRET

Reaction to the proposal to form the Gazelle Peninsula Local Government Council (multi-racial)

Recently I had the Territory Intelligence Committee prepare an assessment for me on the above-mentioned subject and I attach a copy for your information.

2. In regard to paragraph 4, I personally have the impression that many of the young and educated Tolais would be in favour of some change in land matters and I have asked the Chairman to check this out further for me.

⁹ There is no paragraph 10 in the original.

¹⁰ For the report of the Guise Select Committee, see Document 118.

Attachment¹

1. TAMMUR can be expected to continue to 'protest' Tolai land interests.
2. Although substantial opposition to a Multi-Racial Council exists, it is assessed to be still in the minority. Indications are that despite intimidation, a multi-racial council will be restored.
3. Publicising the attitudes expressed in the resolutions presented on the 16th May² will serve to exacerbate racial animosities which are already apparent. The tone of the resolutions and the speeches surrounding the demonstrations suggest an increasing awareness of a Tolai identity.
4. The young and educated Tolai feels frustrated by both decisions of Village Elders and his general disagreement with all Territory land laws because they do not accord with the traditions of land usage of the Tolai people. While the rate of economic growth for some Tolais has been rapid, others including a lot of younger men, feel there is little future for them. It is within this area that criticism is most vehement against the Administration.
5. Although it is certain that the Multi-Racial Council will come into being, this in itself will not end the matter. Anti-council agitation will continue and may obtain support from elements of the M.I.F. Disputes over land will continue to be the major cause of dissension.³ Although the protest demonstration was conducted in an orderly manner, a possible threat to public order may well arise when the collection of taxes is opposed by anti-council elements.⁴

[NAA: A452, 1969/2889]

1 The assessment was signed by Ellis in his capacity as Acting Chairman, TIC.

2 See Document 274.

3 In a letter to Warwick Smith of 5 June, Hay wrote that the multi-racial council 'has merely become a focus for the expression of dissatisfaction on many grounds, including land and general feelings of frustration and unhappiness in relations with other races in the Gazelle. The current agitation in the Gazelle also illustrates the fact that the first loyalty of many persons in the Territory is to their clan or tribe, rather than to the country as a whole' (NAA: A452, 1969/2889).

4 Elections for the new council were held between 20 May and 12 June. The response was poor. Of 33,688 people enrolled, 6,720 voted (both enrolment and voting were voluntary). In eight wards candidates were returned unopposed. Of 38 councillors elected, 34 were Tolais and the remainder Europeans (3) and Chinese (1). Meanwhile, according to DOET, the group opposed to the formation of the Council had become known as the Mataungan Association (MA)—the first word being loosely translated as 'Tolais wake up'—with Tammur as President and Tomot as Secretary (see background paper, dated 'Sept 1969', attached to draft letter, Ballard to P.D. Connolly (President, Australian Law Council), undated, NAA: A452, 1969/4167). The TIC claimed that the Mataungan Association was formed at a meeting of 29 June (MIS no. 6/69, 8 August 1969, NAA: A1838, 936/3/15 part 5). Hay provided Warwick Smith an interpretation of events in a personal letter of the same date: 'In spite of all the talk about multi-racial Councils, the issue is really that of the inclusion in the Council area of the so-called dissident Tolai villagers (mainly Raluana). It is really a domestic issue to the Tolais and I think we should try to get it accepted as such. The A.E.C. acted [see Document 245] because it had good reason to suppose that majority opinion favoured inclusion of the dissidents. I hope we can establish that the election has confirmed this. But here we are up against a brick wall because people like Oscar cannot politically afford to accept this and in any event cannot be shaken from their conviction that because only 25% of the electors voted, the other 75% must be their supporters. It is a delicate communications exercise and I hope we can measure up to it' (NAA: NA1983/239, 49/8).

The border situation, May–June 1969: Government reaction and public opinion

During May there continued to be problems with Indonesian forces crossing the PNG – West Irian border. Repeated violations were reported from the Imonda area, near Wutung, and seven Irianese were reported to have been captured in the Territory on 13 May and taken back to Irian.¹ These incidents were raised with the Indonesian Foreign Ministry, which gave assurances that orders had been given to patrols to ‘go easy’ in the border area and not to cross the boundary on any account. DEA believed ‘the Indonesian Government is sincere in its stated wish to prevent border infringements by its patrols and that continuing Indonesian activity on the border is merely a reflection of the country’s poor internal communications and uncertain lines of command’. The situation on the ground remained unchanged in early June. Police Commissioner R.W. Whitrod² complained to Ballard that Territory police ‘who are not allowed to fire back at Indonesians are taunted as “women”’ and that ‘Indonesian patrols well over [the PNG] side of border are quite common’.³ He said there was ‘a real loss of morale because Indonesian patrols are allowed to operate in Australian territory without interference’.

The Australians were also disturbed by evidence that a group of Irianese had used Kwari, in the Territory, as a refuge after attacking and killing four members of an Indonesian patrol.⁴ Moreover, there was uncertainty as to whether the group had launched its attack from PNG. And making matters more complex, the incident coincided with a comment by Malik that Irianese were apparently being trained on the Territory side of the border. Although Barnes appears to have doubted Malik’s knowledge of the Kwari incident, it was decided to raise the episode with the Indonesians.⁵ Malik proved unaware of the event, and made no particular comment when told, being ‘intent on explaining that he had been mis-reported in terms of what was appearing in the Australian press’.⁶ He also said that ‘he had no problem with the established Australian procedures and the understandings between Australia and Indonesia over the handling of the border crossing problem’. Nonetheless, Jockel made strong representations to Canberra about ‘the fact that we have allowed known leaders of dissident camps to infiltrate back into West Irian ... The question in my mind is whether in terms of our relations with Indonesia or in terms of accepted international practice we should allow persons so heavily involved to return to West Irian or whether instead we should hold on to them by some means or another, in the next few months’.

Since late April,⁷ DEA and Territories had become more restive about permissive residents. In early May, an Indonesian official was reported as saying a rebellion in the Western Highlands of Irian was being master-minded by Irianese in PNG;⁸ and while DOET and the Administration were confident that the claim was misguided,⁹ they decided more had to be done. Warwick Smith and Besley agreed on the ‘need to take a tough line with any permissive residents who do not abide by their obligation i.e. Mr Whitrod’s people will need

1 Submission, Rowland to Acting Minister for External Affairs (possibly Fairhall), undated, NAA: A1838, 3034/10/1/4 part 5.

2 Whitrod replaced Cole on 20 April.

3 Minute, Ballard to Warwick Smith, 2 June 1969, NAA: A452, 1969/2608.

4 Submission, Rowland to Freeth, 29 May 1969, NAA: A1838, 3034/10/1/4 part 6.

5 Barnes told Freeth that he was worried Malik might use information provided by Australia to publicly justify his previous comments to the press (see marginal note by Freeth, 29 May 1969, on loc. cit.).

6 Cablegram 1458, Jockel to DEA, 30 May 1969, NAA: A452, 1969/2604.

7 See Document 265.

8 Minute, Besley to Warwick Smith, 8 May 1969, NAA: A452, 1969/1766.

9 See minute, Besley to Galvin and Legge, 8 May 1969, *ibid.*, and telex 3528, Hay to DOET, 16 May 1969, *ibid.*

to say that they either do this or out they go'.¹⁰ Across town, External Affairs was alarmed by a TIC report which suggested that a Papuan government-in-exile might be proclaimed in PNG and there was a call to 'study urgently what more we can do to prevent embarrassing activity by the exiles'.¹¹ A Territories–DEA meeting was therefore planned.¹²

In the lead-up to the meeting, Jockel's proposal was discussed in DEA. Bouchier minuted Osborn:

*Jockel ... asks if we can bottle such people, apparently irrespective of whether they wish to stay or not. My firm impression, based on talks with Alf Body [Acting Senior Assistant Secretary, AG's] + P Brazil [Legal Adviser, DEA] + Tim Besley is that we cannot do so if they demand to be sent home. If they do want to stay, then the Administrator has power to attach conditions to the permission given to stay. Thus he can, theoretically at any rate, keep them very restricted (and does so in some cases). His only sanction however is deportation. If faced with the case of a fanatical 'freedom fighter' whom we cannot deport (for fear of political repercussions) and who gets able legal advice, the Administrator cannot be confident of controlling him. For this reason Ex.Terr. are examining urgently the possibility of amending the relevant ordinances ... Jockel's idea before he left for Dj. was that we should have some way of taking WI troublemakers 'out of the game' and be able to demonstrate to the Indons that we had done so. This is a good idea but I do not see that we could exercise power to (in effect) imprison a West Irianese who, having been willing to be out of the game, later demands the right to get back into it i.e. to return to WI where he came from. The most we could do would be to tell him that we were prepared to send him back, but on the understanding that we would arrange for him to be met at the border by Indonesian officials. It seems to me that this would be publicly defensible if the men could be represented as sufficiently ferocious.*¹³

The public aspects of the Irian situation had continued to stimulate opinion in the Territory. In late May, a group of 14 independent MHAs expressed concerns about the way Indonesia planned to manage the Act of Free Choice.¹⁴ One of the Members said 'We want to see a really free choice, not a vote that is the result of power or force'. These comments were reflected a few hours later by Ministerial Members Kapena and Toliman, who were shortly to join the Australian delegation in New York for work experience and who said they would raise the Irian matter if the MHAs wished. Territories responded publicly with the assertion that the 'international relations of the Territory' were, under present constitutional arrangements, not for the House of Assembly and the Administration.¹⁵

Protests were not confined to MHAs. On 24 May, 400 students marched to Konedobu where they presented to Hay a petition which denounced the Act of Free Choice as 'not ... in fact free' and called on the Australian Government to 'either condemn or cease from publicly approving the actions of the Indonesian Government'.¹⁶ The leader of the march, Leo Hannett, asked Hay to convey the petition to Barnes, who might then pass it to Gorton and the United Nations. Hay said he would convey the request to the Minister.

10 Minute, Besley to Galvin and Legge, 8 May 1969, *ibid.*

11 Minute, Rowland to Osborn and Bouchier, 13 May 1969, NAA: A1838, 3034/10/1/4 part 5.

12 See undated annotation by Rowland on loc. cit.

13 Minute, Bouchier to Osborn, 31 May 1969, NAA: A1838, 3034/10/1/4 part 6. In connection with DOET's desire to change Territory ordinances, Bouchier had added: 'I understand that ExTerr have an ulterior motive. They are not really worried about their ability to control W.I. exiles but under cover of an apparent concern to do so they want to assume powers for use in the Bougainville context. In particular they want the power to restrict the movement of individual persons to specified areas'.

14 *South Pacific Post*, 23 May 1969, NAA: A452, 1969/2743.

15 loc. cit.

16 Telex 3776, Hay to DOET, 24 May 1969, *ibid.*

278 LETTER, WARWICK SMITH TO PLIMSOLL

Canberra, 3 June 1969

CONFIDENTIAL

I would like to expand a bit on our telephone talk about possible four-cornered, low-key middle-ranking-official discussions in Canberra with the Indonesians on border matters.¹

The object of these talks would be to bring together Canberra/Djakarta/Djajapura and Port Moresby in order to work out some sort of 'agreement', such as 'Agreed Outline of Border Procedures' which would among other things provide for continuing liaison and the main object of which would be to ensure either by explicit understanding incorporated in the agreed minute or exchange of letters or by some agreed procedure for future use to keep the temperature down both in the Territory and in West Irian on the one hand and in Canberra and Djakarta on the other—to minimise if not completely avoid the possibility of armed clashes arising through cross-border raids (some perhaps retaliatory by West Irianese).

We should of course wish to work out with your people and Defence details of proposals that might be put to the Indonesians. Some possibilities, however, are—

- (a) periodic discussions Canberra/Djakarta with representatives from *both* West Irian and T.P.N.G.;
- (b) measures to ensure 'control' to check border crossings; and to flush out any large groups of West Irianese;
- (c) establishment of a number of 'information points' at or near the border along those parts where crossings are prevalent or likely;
- (d) measures to ensure non-violence (careful instructions, frequent meeting at 'information points');
- (e) subject to acceptance by Indonesians, patrols of P.I.R. (perhaps mixed with police, perhaps with Indonesian observer officers) to be kept, say, five miles from border except at 'information points'.

It might even be that we could come around to regulating the procedure for repatriation of border crossers by something like an extradition agreement although it would need to be a pretty streamlined version.

For this reason we would like to see brought into the picture the possibility of arrangements under which the P.I.R. could be used for patrolling the border areas in such a way that this would not be regarded as provocative by the Indonesians, or in which they would co-operate. There might be exchanges of information with Indonesians about the movements of our units and of theirs and perhaps some kind of joint patrol system (on our side of the border) as suggested above.

It is becoming increasingly clear that present arrangements in the border area are not adequate to deal with anticipated developments. There are now some 200 police in the area and this has only been made possible by an undesirable reduction of police strength elsewhere. The force of police available for border duties is in any case too small to patrol the border adequately and there is little that can be done to improve on this in the short term,

¹ Following this discussion, Plimsoll had sent a message to Jockel suggesting that such a meeting might be held in mid-June (minute, Besley to Galvin, 31 May 1969, NAA: A452, 1969/2608).

with Bougainville likely to continue tense. We have proposals to increase the strength of the constabulary but it could never adequately patrol the full 490 miles, much of which is impassable. It would need an excessively large police force to do that job, I would think. So we think some means has to be found of bringing the P.I.R. into the picture.

It appears that border incidents will continue for several months and recent events have shown that we lack control on our side of the border: and we don't think this can be remedied by calling on the police alone.

We would be looking for an Australian delegation to include External Affairs, Territories and Defence, and Port Moresby, with the Indonesians supplying representatives from West Irian as well as Djakarta. I do not feel discussions like these in a wider context should affect the immediate proposal for a visit by a Territory officer to Djajapura²—indeed, they would grow out of the Djajapura (Webb and Watson) exercise.

[NAA: A452, 1969/2608]

279 MINUTE, ROWLAND TO OSBORN

Canberra, 4 June 1969

SECRET

West Irian border

My understanding of where we got to at yesterday's meeting with Territories is this.¹

Under existing legislation and ordinances the Administration has full power to detain illegal immigrants or to place restrictions on their residence, or to make them report to the police at regular intervals (both as conditions of temporary entry permit).

If however, someone whose continued presence in the Territory was made subject to restrictions on his residence failed to observe those restrictions, the only sanction would be cancellation of the permit—and his deportation.

In practice, none of the West Irianese have shown a tendency to contest what the Administration has told them to do. Apart from legal sanctions, the Administration has considerable powers of bluff. Therefore, a procedure like the following might be adopted:

When a number of West Irianese cross the border, some will not stay and will go back very quickly, without ever having been questioned.

Others will ask to stay. They will first be asked why they left West Irian. If they reply that they are freedom fighters and hate all Indonesians, they will be put into Yako reception centre (or other such centres)² and kept there. The fortnight's quarantine offers a convenient way of doing this {initially}; otherwise they could in fact be legally detained if necessary.

² See Document 266.

¹ For background, see editorial note 'The border situation, May–June 1969: Government reaction and public opinion'. For a DOET record of the meeting, see NAA: A452, 1969/2604.

² That is, centres in the border area.

The meeting did not discuss what would happen to those who did not claim to be persecuted; but they would presumably simply be asked to return and put back across the border as soon as possible. Those who were received in the reception centre would then be sorted as quickly as possible, and identified political activists removed to Manus or some other centre further from the border.

An important point, however, is that as soon as people were accepted into the camp, they would be given temporary entry permits—a condition of which would be that they stayed in the camp—and made to forswear political activities. This would be done as a first step, and the processing of their applications for permissive residence would be a subsequent step.

Some of those in the camp might say after a few days that they wanted to go back to West Irian. If there were grounds for thinking that they intended to organize anti-Indonesian activity there (and a declared anti-Indonesian attitude might be sufficient for this) they could be told that they could only return if they agreed to be taken back to Djayapura and in effect handed over there.

We might expect that faced with this prospect they would want to stay; they could then be processed for permissive residence and made subject to restrictions on their movements.

It was accepted that the reception centres must not be open to the charge that they are sanctuaries from which anti-Indonesian activity can be conducted across the border.

I think it was also accepted that we would not want to make martyrs by handing back to the Indonesians people who were declared political activists, whether from our own point of view (including that of the House of Assembly in TPNG) or from the point of view of the Indonesians: a system of neutralising such people by restrictive residence or even detention would be better.

It was agreed the main problem related to the period from now until after the act of ascertainment: after it was over we could think again and face the problems that might then arise when we came to them.³

[NAA: A1838, 3036/14/1/6 part 8]

3 A further DEA–Territories meeting was held on 11 July, during which the situation in the border camps and on Manus was discussed. The activities of specific permissive residents and activists was also reviewed. On the expiry of permits, the record reads: '[1] all permits expire at the end of 1969: better assessment of which should be renewed will be possible when some time after Act of Free Choice has elapsed. [2] probable that in time many West Irianese will return of their own accord when matters settle down in West Irian. [3] Mr. Burgess pointed out that Netherlands has negotiated with Indonesia about return of West Irianese now in Holland who were Dutch sympathisers: Australia might negotiate with Indonesia for return of West Irianese provided there were suitable guarantees of safety. [4] Mr. Hayes thought it unlikely that [the] hard core ... would move where their pension from the Dutch would cease' (notes of meeting, NAA: A452, 1967/4460).

280 LETTER, WARWICK SMITH TO BLAND

Canberra, 5 June 1969

CONFIDENTIAL

Thank you for the copy of your paper giving your impressions of your recent visit to the Territory.¹

We have all along thought it was necessary to develop a military establishment appropriate to the future needs and circumstances of the Territory rather than simply to follow the Australian pattern. I hope this is accepted as the basis of the present review of the P.I.R.

You suggest, and I fully agree, that the Administration ought to become more directly associated with the Defence Force. In this connection I am glad to see what you say on the need for consultations with the Administrator's Executive Council. We think the Council ought to be told about plans and proposals, e.g., on the size or role of the P.I.R., before they are finally adopted so that members may be given a genuine opportunity to express any views they have. David Hay mentioned this point to you, I understand, and, of course, you and I have exchanged letters on it.²

I am glad to see your mention in paragraph 23 of the need for planning on a joint basis. I think this will do a lot of good but I throw out the cautionary thought that we ought to keep the machinery as simple as possible.

We have wondered whether, as you mention, the Papua and New Guinea Defence Force might have characteristics similar to the Malaysian Police Field Force. We are giving more thought to this in relation both to the present study on the P.I.R.³ and the review we are now undertaking of the strength of the Royal Papua and New Guinea Constabulary, but a preliminary view is that the type of discipline in a military formation such as the P.I.R. would not be wholly appropriate for a Constabulary.

As far as the review of the Constabulary is concerned it is clear that we will need to strengthen somewhat those units which deal with public order. This is irrespective of the outcome of the present considerations on the size and role of the P.I.R.

I am a bit puzzled by your reference in paragraph 13 that the P.I.R. appears to be discharging functions outside the urban areas which might normally be expected of a police force. Perhaps you could let me know the particular functions you have in mind.

Under the present constitutional arrangements discussions in the Administrator's Executive Council can take place only among the members themselves. The normal procedure is that the Administrator puts to the Council proposals approved by the Minister which have been taken to conclusion but on which a decision has yet to be made to put them into effect. Sometimes the Government decision is made before consultation with the Council but is expressed to be subject to the views of the A.E.C. At Council discussions departmental heads of Administration departments attend, as required, to give information. The Administrator is the chairman of the A.E.C. and presides over all its meetings. Our minister has recently met the A.E.C. informally in company with officers of this Department. When defence matters are discussed I would envisage the local commander

1 Document 262.

2 See Documents 183 and 212.

3 See footnote 1, Document 262.

attending in much the same way as a departmental head; with the Administrator, as the Territory representative of the Government, introducing the discussion.

In your paragraph 17 you suggest that the sensible thing to do, as soon as practicable, is to make available to the Territory Administration by way of a lump sum the annual funds required for the local defence forces (including capital current, etc.).

As I see it this is eminently reasonable as a matter of general principle and it is what will have to happen, I am certain, with other Commonwealth departments operating directly in the Territory.

There is, however, one difficulty relating to defence expenditure, and that is the constitutional aspect. We wish to preserve the distinction between the constitutional responsibility for defence (which is now and could conceivably continue to be Australian) and the governmental control of local armed forces which could go to the Territory Government (see the point made in the penultimate paragraph of this letter).

Whilst sharing your views on the extravagant standards of the drill halls at Mt. Hagen and Wewak I have to say that the accommodation standards at Goldie River, Taurama and elsewhere do not accord with our view, or with the Government's official policy, on standards appropriate to the Territory's needs. As I recall it, however, the plans were approved by the Administration when consulted about them, and I am not trying now to bring back water that has gone under the bridge. Further discussions on building standards (Departments, Services and Treasury) are proposed shortly and I would hope that some agreed position can be reached. You should not, however, underestimate or brush-off too easily the resentment caused among the local people by these excessive standards.

The question of a pensions scheme for the Army is somewhat allied to proposals for a scheme for local officers of the Public Service. As I understand it the Army had originally proposed an interim scheme based on the existing local officer provident fund but decided not to proceed with this and to await the introduction of the pensions scheme for local officers. The actuary's report on the local officers' scheme is now being looked at and I expect firm proposals to be put forward soon. We need to follow it along from the Public Service point of view—apart from your concern in connection with the P.I.R.

On the question of pay scales, the concept of alignment between the Police Force and the P.I.R. goes back to a Cabinet Decision in 1951 and I would think the arguments would need to be both new and compelling for this basic decision to be modified. However, I understand that the problem relates mainly to the pattern of salary scales and that new proposals are being developed for the Army which are modelled more on the Public Service pay scales, in which there are technical grades, rather than the Constabulary in which there are not. I can only say that after all our past difficulties about the P.I.R. having it too good in terms of buildings, rations, pay, and other things, in comparison with the Constabulary, I would want to be very careful indeed on this one.

I have written quite frankly about various points in your paper, but not much about the defence aspects. Let me say on this I wholeheartedly support:

- (a) a clear definition of the purpose for which the defence force is maintained; and of the kind of work it ought to do (including the question of civil works);
- (b) the closest relationship between the defence force and the police;

- (c) the need to develop a unified defence force; to prune overheads; simplify administrative procedures; and integrate, as far as possible, the servicing of the defence force, the police force and other elements of the Administration;
- (d) the training of indigenes for an air support element and in the aircraft trades and specialities;
- (e) the use of the Territory's industries, wherever possible, to support the defence force.

I also want to see a defined relationship between the Government of the Territory (Minister for External Territories plus Administrator plus Administrator's Executive Council) and the Territory Defence Force, moving towards a position in which the local armed forces (but not the constitutional responsibility for defence) come under the same umbrella as the other branches of government in the Territory.

I share your doubts about the appropriateness of the battalion concept in the Territory situation. Apropos of this I think the possibility of developing economic peace-time roles consistent with military training needs for the various elements of a unified force should be thoroughly examined. I am not thinking here of the present civic action patrols but of something more definite and substantial. Given that as far as we can see ahead the Territory will be able to make little more than a token contribution from its own resources to defending itself against a determined attack, it seems to me that a force which can carry out appropriate economic roles in peace-time will in the overall analysis be making a far greater contribution to the country's defence capability than a force whose training and activities are of purely military nature. Such a force would, moreover, have a greater degree of identification with the Territory itself than one which might be regarded merely as an extension of the Australian defence forces.⁴

[NAA: A452,1970/1690]

4 Bland replied on 10 July: '[Regarding paragraph 5] The further I thought about the matter the more I was forced to conclude that the Police Force, whether normal or of the Field Force Malaysian variety, presented characteristics of a type that required that it should be kept separate from a military force. Your reference to my paragraph 13: The very fact that the P.I.R. is going into areas which rarely, if ever, see a policeman means I think that some natives tend to look on the P.I.R. as "protectors"—a very important role of the police which tends to be overlooked in our sort of society. [On paragraph 11] and penultimate paragraph: There is a problem here. It is one which could take on different aspects as time goes on, depending largely on the course of constitutional development in the political science sense. I don't think that my proposal, with which you agree, that we make available to the Territory Administration a lump sum annually to sustain the defence forces is in any way tied to the constitutional problem. Nor do I think that so long as Australia is responsible for the defence of P.N.G., that responsibility can be abrogated. In other words we could hardly have a situation where the Territory Government could say that the P.I.R. (especially while it contained an Australian element) should be used in a particular formation in a particular location to deal with a particular situation against the decisions of Australia's professional military advisers. However, I see very clearly that in some situations it would be folly of the worst kind if the P.I.R. were to be committed without the concurrence and sometimes the request of the Territory Government. None of the foregoing is to say that the Territory Government should not be brought into general thinking and planning about the P.I.R. and the shape of the total defence forces, or that its views should not be taken into account when there are alternative solutions to a problem which are equally satisfactory from our point of view ... I'm glad to note that progress is now being made with the pension problem. We must press on with this. I believe it nothing short of a scandal that the pay of the P.I.R. is being docked without there being in existence a pension scheme' (NAA: A452, 1969/2850).

281 LETTER, HAY TO WARWICK SMITH

Port Moresby, 5 June 1969

PERSONAL

One point which I should mention to you is the likelihood of a debate in the House on the West Irian situation at the June meeting. There has been some conflict of views sent to us from the Department. I drew attention to this last year in my teleprinter 9366 of 26th November.¹

It seems clear that the Minister's view is that debate cannot be stopped and neither can we stop the House expressing an opinion in the form of a resolution. This practice has already been adopted without any opposition from us in the case of the Russian invasion of Czechoslovakia. The Minister gave a clear indication that, in his view, this was quite proper. The reference is your 6201 of 28th August, 1968.²

I imagine that the same sort of outcome is likely in the event of discussion at the forthcoming meeting. There could be a resolution critical of Indonesian handling of the Act of Free Choice. We will, of course, discourage any intrusion of the Australian Government's position in any resolution, and I think this could be managed.

The purpose of this letter is just to let you know that I regard the Minister's views as the operative ones and, indeed, the only possible ones to follow in the likely circumstances.

[NAA: A452, 1969/2604]

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- 1 In fact, 25 November. It makes no reference to a conflict of views. It simply records that Somare was due to put a motion on sympathy for Irianese refugees (see footnote 19, Document 246) and states that 'the Administration will raise no objection to the motion being debated. It will, however, seek to ensure that any resolution is communicated to the proper channels as was the case with the earlier one [on Czechoslovakia]' (NAA: 1968/5508).
 - 2 Not found. A draft of this telex—likely to match the final version—reads: '[The Minister] appreciates the difficulty. Whilst he does not think the Administration should encourage such incursions into foreign affairs at the same time he does not see how the Administration could seek to prevent an expression of opinion of this kind. With regard to West Irian, for instance, if the House felt strongly in favour of expressing a particular view it would not seem practicable to stop it and indeed there might be value from the Government's point of view in such an expression. The position there could give rise to a considerable amount of anxiety on the part of the people of the Territory and the Minister would not wish to prevent a democratic expression of views. At the same time, he notes that the Middleton approach of supporting {a} view already expressed by the Australian parliament is a good one in that there is no question of conflict' (27 August 1968, NAA: NA1983/239, 48/2).

282 CABLEGRAM, JOCKEL TO PLIMSOLL

Djakarta, 6 June 1969

CONFIDENTIAL

West Irian

Thanks for your telegram no. 1746 setting out the ideas about border matters in more detail.¹ The following views are put forward as a contribution to consideration of these problems in Canberra. They reflect our judgments of the situation as seen from here but of course we are not in a position to have a full appreciation of the political stresses and tolerances in Australia and in TPNG and the administrative problems.

2. The greater detail in your message, if anything, strengthens the view in my message No. 1487² that the Indonesian system just does not produce middle-level officers able to conduct this sort of exercise, and certainly not in the time scale envisaged. In our view, only pretty high-level Indonesian officials would be allowed to enter into such talks: if they were to be adequately prepared a good deal of time would be involved: and even then it is doubtful whether they could take matters very far in discussion in the first meeting. Moreover, I think that the Indonesians will be concentrating their high level efforts on trying to bring about a satisfactory state of affairs inside West Irian in the coming weeks. The slowness with which they have responded to our proposal for talks on border liaison is a good indication of where their priorities lie (whether or not Sarwo Edhie has been temporising, which I rather doubt).

3. It is true that General Soepardjo in the Foreign Office talks occasionally about the need for joint or co-ordinated patrols in the border regions, but I am not sure that this is how Malik would see matters developing. For this reason, if your thinking should develop along the lines of your message, I should like to have the opportunity to talk quietly and intimately to Malik about some of the issues our two governments might face if we formalized our co-operation beyond a certain point. Malik at present³ refers to the fact that there is an agreement in existence between Australia and Indonesia for handling the problem of border crossings, and by implication makes it clear that he regards this agreement as satisfactory. Also, despite the static that occasionally finds its way into the atmosphere, he wants matters to be handled in a low key and the temperature kept down. The temperature is in fact kept down in Djakarta, although we must expect a certain amount of reaction and quasi self-justification when border incidents are publicised from Australian sources.

4. As you know, I have been working to strengthen three basic principles:

- (a) Indonesian patrols respect the border and do not cross it:
- (b) in respect of inadvertent crossings or patrol contacts the instructions for Indonesian patrols should be tightened up to prevent out-bursts of firing:
- (c) the basic feature of the agreement between Australia and Indonesia namely that Indonesia does not question our right to take custody of refugees and to give asylum in appropriate cases.

1 3 June. It conveyed the text of Document 278 and commented that the letter represented 'tentative exploration of ideas in the two departments' (NAA: A1838, 3036/14/1 part 5).

2 4 June. It answered Plimsoll's first message on the idea of a formal agreement (see footnote 1, Document 278) (NAA: A1838, 3036/14/1 part 5).

3 The word 'repeated' was here struck out by hand.

I would hope that by insisting on these points in Djakarta and by strengthening them as best we can through liaison contacts, the situation can continue to be contained. As you know, I hope that we will be able to add a fourth point, namely Australia's willingness to retain in TPNG any border crossers who would engage in anti-Indonesian activities if we allowed them to return.

5. In talking to Indonesians I have kept before them the prospect that if things got difficult then the United Nations High Commissioner for Refugees⁴ would inevitably come into the picture. This is something they do not want. They prefer the continuation of bilateral methods and a kind of working understanding with us. They don't want another U.N. Agency coming into the picture with the possibility of unfavorable reports back to the General Assembly, etc. No doubt you have in mind that any proposal for regulating the procedure for repatriation of border crossers by an extradition agreement would immediately bring the U.N. High Commissioner into the picture.

6. While the sort of broad understanding that we now have with Indonesia leaves the possibility of incidents, strains, and pressures on our Administration, I feel that close and concerted action could have even greater disadvantages. For example, I have no reason to doubt the story produced by Brian May in the Australian on Wednesday 4th June in which he describes how a man believed to be a courier trying to cross into TPNG was shot dead without mercy. This sort of thing could continue and, once we were involved in joint policing of the border, pressures on the Australian Government to intervene and protest over such actions would become very heavy. Moreover, given the possibility of punitive action by the Indonesians, we should need to be very careful about arrangements whereby we returned West Irianese from TPNG into the actual custody of Indonesians at border posts. We could never be sure that any of the individuals whom the Indonesians regarded as dangerous would not be taken away and shot. Once we got into detailed joint arrangements we could be faced with quite difficult requests for the repatriation of categories of border crossers e.g. Papuan deserters from the Indonesian army, Papuan deserters from the Indonesian police such as those at Enarotali,⁵ persons who the Indonesians claim had engaged in terrorist activities etc. Your recent instructions to me were that I was not to give the Indonesians details of individuals on our side of the border. Once discussions are joined I doubt whether we could expect the Indonesians to go on refraining from asking for such people to be compulsorily sent back to them (that is the sort of point I should like to check with Malik before things went very far.) Such points could be difficult for both parties in any drafting of an agreed minute.

7. Then again, we need to take into account that the future is indefinite. We can't see clearly ahead at this stage how the internal security situation in West Irian will develop. There would be a risk in entering into detailed arrangements in the near future which would tie us down into particular courses of action if matters were to deteriorate badly in West Irian (not that we are in fact pessimistic about that but nobody knows). It is for such reasons that we prefer the pragmatic, developing approach which the Webb visit⁶ represents rather than attempting an overall regime of detailed understandings between the two governments.

4 Prince Sadruddin Aga Khan.

5 A reference to a revolt by Irianese in April, during which indigenous police deserted and fought against the Indonesian administration (see, for example, savingram 22, Djakarta to DEA, 16 May 1969, A452, 1969/1766).

6 See Document 266.

8. With reference to Mr Warwick Smith's need to bring the P.I.R. into the picture, we do not think this need be a difficulty so far as the Indonesians are concerned. I see no difficulty in explaining that the problem is too big for the police and that the P.I.R. is needed for patrol work provided that the P.I.R. is introduced in a routine and low-key way.⁷

[NAA: A1838, 3036/14/1 part 5]

283 TELEX, WARWICK SMITH TO HAY

Canberra, 9 June 1969

5681. CONFIDENTIAL

Your 3660.¹

Select Committee on Constitutional Development

1. Minister would like you to ensure that Official Members during debate state the Government's position—

(a) That establishment of Select Committee is matter entirely for elected members to decide and officials will therefore express no opinion as to its desirability.

(b) Accordingly they will not vote if division called.

2. Official Members should, however, press for inclusion of two Official Members of any committee set up and seek to have nominations of officials left to Administration. As advised our 2485 para 'F' in reply to your 1102,² Minister agrees on Johnson. Minister wishes second member be D.D.A. man to support Johnson fluent in pidgin (see our 4679).³

7 In a marginal note of 9 June, Shann wrote to Rowland: '(a) I am intuitively against over-formalizing the matter & Jockel is right about the lack of middle-level skill (b) I think that easily the best thing would be for you to spend a few days in Djakarta on your way to K[u]ala L[umpur]—see Malik and the others, and ask the Indons to get Sarwo Edhie over to Djakarta at the time'. Rowland spoke with Galvin on 11 June, telling him that 'the key to the problem lies in Djajapura and that he would have no great confidence in anything which might be worked out in Canberra {or} in Djakarta and even if Sarwo Edhie is represented'. He said his 'initial reaction is that there is a great deal in Jockel's point about not getting too closely enmeshed with the Indonesians ... He looks for a situation in which Sarwo Edhie polices his side; we police ours; we neither cross into the others' territory; and to achieve this we liaise but do not co-operate'. Galvin responded that 'unless there are some agreed orders known at all levels we shall fall along from crisis to crisis as in the past few months. Whilst the Webb/Watson exercise may produce something—on the ground—some clear understandings at all levels are required and only something like the Canberra meeting to follow up the Webb visit can set this up'. Galvin later confided to Warwick Smith: 'Jockel's point about not limiting our freedom of action is a good one but one we could keep in mind at the talks rather than one which is sufficient to stop them being held' (minute, Galvin to Warwick Smith, 11 June 1969, NAA: A452, 1969/2608).

1 See footnote 5, Document 269.

2 Hay had recommended to Canberra that he 'would favour at the most one Official Member (probably Johnson)' (telex 1102, 14 February 1969, NAA: A452, 1969/1135), to which Warwick Smith had replied 'as recorded in the final dot point of paragraph 1.2, Document 261.

3 Document 269.

3. We expect to send in a few days preliminary working paper on possible lines of constitutional development which Select Committee, if established, might consider.
4. We envisage that when the Administration have had time to look at this paper a joint meeting will be held in Canberra with the two Official Members and others from the Administration (e.g. Law). Following those talks there will be a submission to Cabinet. Following Cabinet's decision there would be another meeting to discuss a detailed brief of the same kind as the one prepared for Official Members on the last Select Committee.
5. Glad advice who you consider should be second Official Member and also whether you consider Ministerial Members should not be members of this Committee—should the view be adopted that they should act in personal capacity (or with private member status) on this Committee on the ground that it is entirely *sui-generis* and has no relation to their ministerial responsibilities?

[NAA: A452, 1969/1135]

284 MEMORANDUM, DOET (BALLARD) TO ADMINISTRATION

Canberra, 11 June 1969

CONFIDENTIAL

Arek Motion on Constitutional Development

The Secretary's personal telex 5681 of 5th June to the Administrator¹ indicated the position that the Minister wishes Official Members to take when this motion comes on for debate.

2. It also indicated that a working paper prepared in the Department would be forwarded. If a Select Committee is established it is proposed that this working paper, together with any other suggestions put forward by the Administration, would be discussed between departmental and Administration officials with a view to seeking a Government direction on the attitude Official Members on the Select Committee should take.

[*matter omitted*]

Attachment

WORKING PAPER FOR OFFICIAL MEMBERS

Introduction

This Working Paper has been prepared for discussion if a Select Committee on Constitutional Development is set up. A Government direction will then be sought on the attitude Official Members on the Committee should adopt.

Australian policy is directed towards helping the Territory to become self-governing as soon as possible and to ensure that when this aim is reached the Territory will, to the greatest extent feasible, be able to stand on its own feet economically.

¹ Document 283, which is in fact dated 9 June.

The Government said in the Governor-General's speech when the House of Assembly was being inaugurated in 1964—'Political autonomy is not compatible with extreme economic dependence'.

The Minister, in his Summer School speech in 1968 said '... We are seeking the social, economic and political advancement of the people of Papua and New Guinea to the stage at which they are ready to choose their own form of government'.²

'The Government has made it clear that it is not its policy that self-government must wait on complete economic self-sufficiency. Papua and New Guinea will clearly need continued outside aid for as long ahead as can be foreseen',

'without substantial economic self-reliance, self-government or independence would be a mockery'.

'Responsibility in government really comes from having to decide the right balance between meeting demands for services and imposing taxes to pay for them ... It is vitally important that this element of responsibility should be built into the developing political structure of Papua and New Guinea'.—(No section of the population should be discriminated against in taxation.)

'In the light of the present stage of development of the Territory and its lack of capacity in terms of economic strength and of qualified people of its own I myself see little need for or advantage to be gained in forcing the pace of constitutional change. But ... what I think is ... subordinate to what the majority of the people think'.

The Minister reverted to the same theme in his Madang Speech in June 1968—

'I have in the past been asked to indicate how much aid Australia will give Papua and New Guinea after self-government. I do not think that it would be a practical approach to try to say how much might be given in years to come. Australia will continue to give financial help towards the development of this country. It will continue to help in trading arrangements and in providing specialised skills. The Australian grant provides many of the roads, wharves, public utilities and pays for much of the administration and essential services such as health and education.

'But the Australian grant will not always be the major factor on which the development of the Territory will depend.

'What the people of this country do for themselves, and the extent to which the country can attract private investment from outside will be key elements.

'The Government's policy in the Territory is to establish a climate of opportunity for overseas investment.

'In the same way if the people want overseas people to stay and work in this country, they have to show a willingness to work in partnership.'

It will be more than a decade before contributions to Territory revenue by the Bougainville copper project will make any significant impact. Moreover, responsible government is not a matter of a group of Territory politicians gaining complete control of all the funds which they would expect to continue to receive from the Australian taxpayer (amounting at present to about two out of every three dollars of public expenditure).

2 Ellipses in this document are in the original.

If the Select Committee on consideration wishes to discuss the prospect of self-government or a timetable for self-determination, we expect the Government would say that this ought to be discussed with Ministers in Canberra. Discussions would no doubt include criteria for self-government, means of ascertaining the opinion of the bulk of the people of the Territory, procedures, and the form of financial and other aid that a self-governing Territory could expect to receive from Australia. This procedure would apply whether the Committee had it in mind to propose self-government by a given year or whether it sought to propose a fixed timetable unrelated to actual progress in the economic and social fields.

Criteria for constitutional re-arrangements short of self-government

When the 1965 Select Committee on Constitutional Development was set up, Cabinet determined certain requirements with which any proposals for interim changes in executive government (short of self-government) should not conflict if they were to be supported officially. These requirements were to serve as guides within which policy could be determined. They remain valid—

- (i) though the Commonwealth would progressively devolve (the devolution referred to here is devolution to elected members or political office holders) its authority, in practice it would short of self-government retain final responsibility in the sense that it remains accountable for the administration of the Territory; and the Minister would retain the right to direct policy or to question any action;
- (ii) this devolution would not apply in relation to certain ‘reserved’ subjects—internal security, external affairs, defence, constitutional advance, law and information;
- (iii) the need for a reasonable pace of constitutional development has to be balanced with the difficulty of maintaining standards of administration; progress needs to be evolutionary and educational but cannot await the availability of persons with full capacity to operate at normal standards of developed countries;
- (iv) the extreme economic dependence of the Territory and the fact that a substantial part of the Budget is met by Australia must be recognised; in these circumstances the Commonwealth must determine the strategy of the Budget;
- (v) the Commonwealth Government’s control over the conditions of service of the Australian members of the Territory public service must be preserved; and
- (vi) the final constitutional pattern for a self-governing territory should not be unduly determined by the interim arrangements.

It should be made clear publicly that the Ministerial Member system does not extend to ‘special subjects’ and the departments concerned with them. (But this need not apply to Assistant Ministerial Members.)

Possible changes in the Legislature

One shortcoming of the existing House is its ability to take legislation through all stages in one meeting or indeed one sitting day. It is unlikely that the proposed ‘21 day rule’³

³ See footnote 2, Document 204.

for legislation will be sufficient to slow down the passage of bills, although it will give members a clearer understanding of legislative proposals.

Some notes on bi-cameral possibilities for the Territory were forwarded to the Administration in February 1969.⁴ In the covering memorandum it was suggested that Official Members could canvass the question of a Second Chamber if a proposal is made for a further constitutional committee.

In the debate on the motion, if it appears likely that the Select Committee will be established, the Second Chamber should be mentioned so as to ensure that it will be included in the ambit of matters which could be given consideration by the Select Committee.

A Second Chamber would not only provide the necessary brake to the passage of bills but could, if based upon regions, positively assist in national unity by watching the interests of the more remote areas.

In the previous House, ten members were elected from 'reserved' electorates. For the present regional seats, anyone with substantially the equivalent of the N.S.W. School Certificate may stand; nevertheless eleven regional members are expatriates. The idea of 'reserved' electorates in the 1964 House was that leadership from Australian members would help the House. There now seems to be a need to guard against a position in which excessive expatriate membership inhibits the proper development of the House.

The regional electorates could be replaced by a House of Review containing representatives elected on a regional basis—possibly indirectly through local government councils. The Local Government Association's twelve members might be the nucleus of a Second Chamber possibly augmented by members elected by District Local Government Councils at their conferences. The upper House would need to include some members who would explain Administration actions and this could be done by Official Members, nominated members who are *not* officials, or specified elected members representing Ministerial office holders (or perhaps Assistant Ministerial Members). The second House might be a House of Review only without power to initiate legislation, but with power to delay for six months and with full power of debate, and committees.

Another possible change in connection with the House of Assembly which might usefully be discussed relates to the selection of Ministerial Office Holders. It has been suggested that electors in some constituencies are disgruntled with their members on grounds that when they are appointed to Ministerial Office they no longer present the wishes of their constituents. There may be scope for a more direct method of selection by the House—although the Government should retain the power to allot portfolios.

These and any other matters concerning the composition of the House of Assembly could be discussed in the Select Committee on the basis that Official Members promote the proposal for a House of Review to replace the regional electorates. Otherwise Official Members would ensure that the various possibilities are fully appreciated by elected members but would not canvass any specific conclusions.

Ministerial Member system

The Papua and New Guinea Act is drafted to make possible progressive devolution of authority to Ministerial Members and of Assistant Ministerial Members. Section 24 of the Act authorises the Minister to determine from time to time 'the matters in respect of

4 See Document 258.

which the holder of an office is to perform the functions of a Ministerial Member or an Assistant Ministerial Member'.⁵

Section 25 provides that functions of Ministerial Members and Assistant Ministerial Members are determined by arrangements approved by the Minister. These include 'to take part in the formulation of policies and plans of proposals for expenditure in relation to these matters and in the direction of the activities of the Department of the Public Service dealing with those matters'. Section 25 also authorises them to represent or assist in representing the Administration in the House of Assembly and in the case of Ministerial Members to make recommendations to the A.E.C.

Approved arrangements provide at present that Ministerial Members are responsible with the Department Heads for overall departmental activities and for framing policy proposals including proposals for expenditure⁶ (management and public service aspects being the sole responsibility of the Departmental Head). These arrangements do not, however, devolve functions to the extent to which this *may* be done under the provisions of the Act. It would be within the scope of the legislation for Ministerial Members to exercise their functions so that they stand between the Departmental Head and the Administrator. Nor do the functions of the Ministerial Members cover the whole permissible non-reserved area.

If there is any feeling on the part of elected members that the present arrangements are inadequate a Select Committee could examine—

- (i) how the Ministerial Offices, i.e., both Ministerial Members and Assistant Ministerial Members, are getting on under the present arrangements and whether they are exercising all the authority which the present Ministerial approvals envisage them having, in the Executive Council or in the Departments.
- (ii) whether the Select Committee considers they should be given increased responsibilities by variation of the existing arrangements.

It would be quite contrary to Government policy if a back-lash demand for self-government developed because it was felt that the Ministerial Member system did not give the Ministerial Members the opportunity to exercise adequate functions in the Departments, in the A.E.C. and in the House, which was envisaged by the previous Select Committee and by the Commonwealth when it set up the present arrangements.

The power to approve arrangements as to portfolios and functions is vested in the Minister. If proposals are made to review the working of the Ministerial Member system within the present approved arrangements these would be discussed in the Select Committee. If there is a proposal for variation in the arrangements themselves Official Members should suggest that the Select Committee should discuss these with the Minister.

Annexe

Basic Government policy is—

- the choice of their future form of government is one for the people of the Territory;
- changes which the majority of the people do not want will not be imposed on the Territory;

⁵ Sections 24 and 25 are quoted in the editorial note 'Changes to the Papua and New Guinea Act'.

⁶ See Document 197.

- it is the prerogative of the Territory people to terminate the present Territory status and take independent status if they wish to do so. Should the people wish to remain in association with Australia after self-determination this will require the agreement of the Australian Government of the day;
- so far as decisions by Australia are required as to the nature of possible future forms of association that would be acceptable to Australia, such decisions cannot be made now, but should be made at the appropriate time by the Government of the day in the light of the circumstances then existing.

Gaps

- The Revenue Gap.
 - 63.7% of all Government expenditure in the Territory is supplied by the Commonwealth.
- The Trade Gap.
 - Ten years ago, exports paid for more than half of imports. In 1967/68 export earnings were only sufficient to pay for 40% of the cost of imports.
 - Development expenditure tends to result in higher import requirements in the short run. Much of the aid funds for development are spent on imports, particularly on machinery and other capital equipment.
 - As development projects mature, export income should accrue and make a positive contribution towards narrowing the trade gaps.
- The Investment Gap.
 - Savings are scarce in the Territory
 - The capacity of the people to accumulate capital is very limited.
 - Funds from outside sources largely finance the growing volume of investment by private enterprise demonstrating confidence in the Territory's economic situation and its political stability.
 - Efforts to attract overseas investment funds are continuing and will be intensified because private enterprise is needed to develop the natural resources while the Government provides the economic infrastructure and the social capital (roads, schools, hospitals, etc.).
 - The Government actively seeks aid for the Territory from international sources (World Bank, UNDP).
 - The gap will continue until overall economic expansion raises the people's income and earning capacity so that they can save and invest these savings.
- The Manpower Gap.
 - The Territory has insufficient trained indigenous people to staff key posts in public administration.
 - Approximately one third of all public service officers and employees of a total of about 19,700 are expatriates.
 - In the public service the number of local officers in professional, administrative and clerical positions more than doubled between 1967 and 1968 but for some time to come the gap will have to be bridged by skilled people from elsewhere and especially from Australia.

- The Education Gap.
 - New institutions have been set up (Institute of H.T. Education,⁷ Bulolo Forestry School, Vudal Agricultural College, Papuan Medical College, P.N.G. University) but the needs are vast and great problems remain to be overcome.
 - The output of qualified indigenes will lag several years behind enrolments. Although University enrolments in 1969 are about 470 of whom about 300 are indigenes, it will not be until the end of 1970 that the 1966 enrolment of 58 students, (subject to drop-outs etc.) are expected to qualify.

Self-government

- Government sees Ministerial membership system as a realistic method of giving elected members a say in executive government which recognises these gaps.
- The Act is drawn to make possible progressive devolution of functions to Ministerial Members or other political office holders.
- Self-government should be seen as involving a fully blown Cabinet with a Chief Minister controlling major fields of power.
- Self-government does not in itself mean full independence. At the stage of self-government Australia might retain control of certain 'special subjects'—but in the self-governing area local decisions would be taken by elected members who are Ministers on the basis of responsibility to the local legislature.
- It would be a matter for decision at the time of self-government which powers would be classed as 'special to Australia,' e.g., internal security, external affairs, judiciary. At self-government the Territory may elect for full independence but the door has been left open for negotiation *at that stage* for some form of association with Australia. This might be a constitutional association or one based on a treaty. It might merely mean remaining internally self-governing while remaining a Territory of Australia.

NOTE 1

It should be noted that if the Select Committee recommends self-government and the House of Assembly adopts the recommendation, a constitutional commission (cf. Malaya where the Commission included Judges from U.K., India, Pakistan and Australia) in this field would have to be appointed to draw up a {draft} constitution. This would take some time and would involve discussions at many levels with many people.

NOTE 2

(a) *Independence* means sovereign independence but does not preclude the existence of a treaty.

(b) *Self-government* means responsible government in which elected Ministers exercise responsibility in the full sense to the House of Assembly for internal affairs. Constitutionally the country remains a Territory of the Commonwealth.

(c) *Self-determination* is the exercise of an act of choice where the Territory by some means elects whether it wishes to move to

- independence

⁷ That is, Higher Technical Education.

- negotiate with Australia for some form of association, or
- make no change.

The Government view is that the best time for self-determination is when the Territory has self-government.

[NAA: A452, 1969/1135]

285 TELEEX, HAY TO DOET

Port Moresby, 13 June 1969

4445. SECRET PRIORITY

Webb and Brown returned from Djajapura midday today and report as follows.¹

Representatives of the provincial government of West Irian and the Administration of the Territory of Papua and New Guinea met at Djajapura on the 10th and 11th June 1969 and reached agreement on the following matters.

- (1) Regular liaison will be established and maintained at the following places along the border of West Irian and Papua – New Guinea. In West Irian Tami, Waris, and Sotar. In Papua – New Guinea Wutung, Imonda, and Weam.
- (2) Liaison will be maintained by monthly meetings at the border and daily radio communication between the officers in charge of the following posts:

Wutung–Tami

Imonda–Waris

Weam–Sotar

The first meeting between officers at these posts will be held on 25th June. Future meetings will be arranged by these officers. Radio or telephone communication between the posts and the three areas mentioned above will be established as soon as possible. At these meetings and daily telephone or radio conversations officers will be able to discuss all matters concerning the border including persons crossing the border.

- (3) Daily radio contact will be maintained between Djajapura and Vanimo beginning 12th June (first attempt at contact on 12th unsuccessful).
- (4) Meetings between officials of West Irian and TPNG at Djajapura, Vanimo or Port Moresby may be arranged as necessary and at short notice. Normally however liaison will be maintained at a local level on the border. Mr Webb will return to Djajapura on 8th July to review progress on {proposals agreed} to.
- (5) Indonesian and Australian patrols were under orders not to cross the border and that² they would not do so.
- (6) It was agreed that if the West Irian authorities had evidence of anti-Indonesian activity in Papua – New Guinea they would inform the TPNG authorities who would take appropriate action.
- (7) Webb extended an invitation for Indonesian representatives to visit Port Moresby or Vanimo in late August or September for a further review of the situation.

¹ For background, see Document 266.

² This word appears to be superfluous.

Agreement ends.

Additionally for information General Sarwo Edhie supplied copy of a general order issued to all troops under his command forbidding them from crossing the border or being involved in border incidents.

No statements will be made to press until authorised by you. Although regarding your 5816,³ you may wish to include some of this in the statement to the House of Assembly.

[NAA: A452, 1969/2608]

286 STATEMENT BY NEWMAN TO HOUSE OF ASSEMBLY¹

Port Moresby, 16 June 1969

This statement has been prepared in order to inform the Members of the House of the background and significance of the large low-grade deposits of copper ore which have been revealed at Panguna in the Bougainville District, and of the measures being taken by Bougainville Copper Pty. Limited and the Administration to bring the proposed copper mine into early production. This statement sets out in greater detail material which has already been published in official statements.

The deposit has been shown to contain at least 760,000,000 tons of ore with a grade of 0.47% copper, and 0.4 dwt. gold per ton. Such deposits can be economically mined only on a very large scale, using heavy mechanical equipment, which permits a low unit production cost per ton.

The further task of developing such a deposit to the stage of production demands specialised knowledge, and experience in large scale operations possessed only by an international mining company such as Bougainville Copper Pty. Limited.

3 Not found.

1 The statement was also known as the 'White Paper' on the Bougainville project (see undated and anonymous DOET paper, NAA: A452, 1969/3026). A draft of the paper had been criticised in DOET. In a minute to Mentz, Kelloway wrote: 'I have read the draft of the proposed statement to the House of Assembly ... While I think it is a very comprehensive statement of all the facts involved it seems to me that it has not been framed in a way suitable for public release at the present juncture ... I think that the statement should have a much heavier emphasis on the positive benefits which will flow from the copper development. These benefits should be spelled out in some detail as they effect the indigenous population. Paragraphs 55 and 56 give an estimate of the additional revenue anticipated from the project. From the point of view of the Territory public these figures will have little impact—they need to be translated into terms of the additional social services, schools, hospitals etc., which can conceivably be provided with this sort of money ... I think that this emphasis should run all through the document but particularly should be highlighted in the introduction and in the conclusion ... While I do not doubt the necessity to insist that the Administration will proceed with the project and take all the measures necessary I think that any such statement should be promptly coupled with a reminder of the benefits to be expected from the project. Paragraph 51 for example should not stop at say {ing} land must be acquired by compulsory process—it should go on to remind the reader of all that is hanging on this project for the inhabitants of the Territory ... There are one or two places where the phraseology gives the impression that the Administration's primary reason for continuing with the project is that it is committed to the undertakers ... I think it would be advantageous whenever such an impression is given to remind the reader of the reasons for this commitment ... I think it is also very important that the statement should highlight all the benefits which the people of Bougainville in particular will receive from the establishment of the industry. Most of the basic information, town, hospital, schools, etc., is there. But the benefits for Bougainville in particular ought to be spelled out in a special section ... As I see it the primary purpose of this statement is not simply to give factual information but to give factual information in a way which produces the most favourable possible impression on native opinion. I think it would be highly desirable therefore if the statement were referred to [the Social Change Advisory Committee] for advice' (4 June 1969, NAA: A452, 1969/2443).

The financial commitment is so big that a mining company embarking on such an operation must seek preliminary guarantees from the Government that it will receive the authorities and mining rights necessary to permit it to achieve production to recoup its investment together with appropriate profit. This is why the Administration entered into a formal agreement with Bougainville Copper Pty. Limited in 1967.²

The Bougainville copper project has now been brought close to the stage of production by Bougainville Copper Pty. Limited. In the process various landowners in the areas have expressed opposition to the operations of the Company on their land and also to making land available for town and port sites and for supporting industries.³ However, the project promises such far reaching economic benefits to the Territory that the Administration must press on to bring it to fruition.

The Company has now applied for and been granted a special mining lease at the site of the mine, and is thereby committed by its agreement with the Administration to proceed, within 5 years, to production and export of copper concentrates. It has published details of preliminary marketing arrangements with seven Japanese copper smelters and has expressed confidence in its capacity to sell the whole of its production during the first 15 years of operation. Estimates of total capital required have also been published.

The account which follows begins with the discovery of the Panguna deposits and continues to the present stage of development in which the Company is poised for the massive construction phase of the operation.

Discovery of the Panguna copper deposit

The Panguna area was known to gold miners in the period 1933 to 1951. The early miners noted that copper minerals were present at Panguna and Kupei, but they did not have the geological experience or the financial resources to lead them to look for a major low-

2 For example, see Documents 100, 106, 116 (footnote 1) and 121.

3 Opposition along the coastal strip had been increasing as preparations for a port and mining town gained momentum (for background, see Document 260). In early May, Ellis had written that the '500 people of the Arawa, Bairima, Rorovana and Lonsero villages in the affected area object strongly to the Company utilising any of their land'—although now 'the people in the area of the proposed mining operations ... are reconciled to the C.R.A. plans for development on their land'. He added that resistance had become associated with 'some calls for a referendum with a view to Bougainville becoming independent, or more directly, for immediate independence. These calls for immediate independence are limited to some individuals and not coherent groups. On the other hand, a certain element of individual leaders favours an independent Bougainville at some indetermined time in the future'. Key agitators were said to be Lapun, F.R. McKillop (the owner of Arawa Plantation) and Barry Middlemiss, an employee of the latter. Concluding, Ellis noted 'an emotionally stirred hardened attitude' whose 'easy solution' would be a 'cooling off'. Yet he could not 'see how this can be allowed to take place and [I] therefore believe that the pressure will have to be kept on. This will entail further field staff commitments, more intensive patrolling, consultation and explanatory activity to assist in the cooling off process' (paper by Ellis, 2 May 1969, NAA: A452, 1969/2217). Hay shared this sense of urgency, writing to Warwick Smith: 'my own conclusion is that there is no reason at all to reconsider or review decisions made on the town site at Kieta or any of the decisions connected therewith. The attitude which the Administration has maintained and will maintain is that the decision was made by the Government after full consideration and that it will be carried out. It may well be that individual reports reaching you ... will give the impression that the situation is more tense than it really is' (letter, 5 May 1969, NAA: A452, 1968/5563). Meanwhile, the company continued to push the Administration. In a conference of 7 and 8 May, CRA insisted that 'delays in the project were now becoming critical and extremely costly and strongly pressed that the Administration should endeavour to remove indigenous opposition a little more forcefully (i.e. the Administration should be prepared to accept a somewhat greater risk of precipitating a hostile reaction) in order to avoid costly delays and adhere to the Company's timing schedule' (minutes of meeting, NAA: A452, 1969/2443; see also footnote 2, Document 260).

grade copper deposit. Their efforts brought no lasting benefits to Bougainville. In 1960 the area was visited by an Administration geologist who reported that it might contain a major low-grade copper deposit.

When the Company began prospecting the area in 1964⁴ it soon became apparent that the sand in the Kawerong River and the streams draining the Panguna area contained consistent traces of copper. Further sampling of the soils in the area confirmed that copper in small quantities was present over a wide area, and the Company's geologists began to think that there might be a large deposit in the rocks under the surface soil.

Diamond drills were brought in to bore holes deep into the mountain to give samples of the rocks. Assays of the samples confirmed that there was a small amount of copper and a very little gold in the rocks over a fairly large area. At this stage the Company knew that there was a large low-grade deposit, but it had to find out how large, and whether there would be enough copper to pay for the cost of mining it.

Many more diamond drills were brought in by helicopter and a road from the Kieta coast was cut through the rough mountain ranges. Eventually, by December, 1968, after four years of exploration and research, and at a cost of more than \$16,000,000, the Company estimated that the deposits contained at least 760,000,000 tons of rock containing 0.47% copper and 0.4 dwt. of gold per ton. Such a deposit would be worked profitably only on a very large scale, but would require a capital investment of about \$300,000,000 to establish the operation.

Bougainville Copper Agreement

One of the important features of the Bougainville project is the Mining (Bougainville Copper Agreement) Ordinance 1967. For the benefit of new Members of this House I will give a brief outline of how the Ordinance was brought into force. After the first two years of prospecting, with expenditure already standing at \$4,000,000, it became apparent that the further testing of the deposit would require additional expenditure of at least another \$6,000,000, and it was estimated that establishment of a mine would require a total investment of at least \$100,000,000 (this was an under-estimate, because the actual figures have turned out to be an additional \$12,000,000⁵ and a total investment of nearly \$300,000,000).

At that time the only rights held by the Company were its prospecting authorities which were granted for only two year periods, and which gave the right to investigate the deposits but not to mine and sell copper.

Both the Company and the Administration could see that the Company would be foolish to continue spending such large sums unless it could be sure that if it decided to set up a mining operation it would be granted all the various leases of land which would be necessary for its essential installations—the mine, the concentrator to separate the copper minerals from the rock, areas for stacking waste rock near the mine and areas for stacking the tailings left after the copper has been taken out, land for company roads, dams, power lines, pipe lines, and land for a town site and port site.

This land would be acquired variously under the Mining Ordinance, Land Ordinance, Water Resources Ordinance and perhaps the Papua and New Guinea Harbours Board Ordinance.

After much discussion between the Company, the Administration and the Department of External Territories, an Agreement was signed on 6th June, 1967, between the Company

⁴ See editorial note 'Mineral discoveries on Bougainville Island'.

⁵ This should probably read \$120,000,000.

and the Administration. The Agreement sets out the various things that the Company and the Administration would each guarantee to do.

The Company agreed to continue its expensive further investigations and, if possible, it would set up a mine, concentrator, port, etc. and proceed to export copper concentrates. It agreed to pay royalties to the Administration and, after an initial tax-free period, to pay specially high rates of income tax. It agreed to establish a new company to work the mine and to offer the Administration 20% of the new company's shares at par. For its part the Administration guaranteed to give the Company a three year tax-free start so that it could quickly repay its loans before it started to pay the higher taxes. The Administration also guaranteed to grant the various leases required and to make land available for support purposes such as the town and port.

A company could not venture into such large-scale investigations without some guarantee that it would be given the facilities to proceed to production. It is also clear that the Administration must honour its obligations under the Agreement ensuring that the necessary leases are granted, and by ensuring that the Company is not obstructed in its lawful operations.

What is the Bougainville copper project?

The feasibility of working this low-grade deposit at a profit is based on a very large-scale rate of production. It is proposed to mine at a rate of 30,000,000 tons of ore each year, to produce concentrates for export containing about 150,000 tons of copper metal and about 500,000 ounces of gold. Such an operation would be one of the largest copper mines in the world, and would rank as a major gold producer.

Its effect would be to more than double the Territory's anticipated export income, enlarge internal revenue by way of royalties, dividends, personal and company taxes, fees, duties, service charges, etc., and it would introduce dramatic changes to the way of life of the Bougainville people by lifting them from subsistence village life to a cash economy based on secure employment opportunities, with greatly improved health and education services.

The mine cannot be brought into production until all necessary facilities have been installed or established. There will be a construction period of about three years of intense activity in order to achieve production early in 1972. During this period the Company must complete the following projects:

- (1) construction of a new town at Arawa (construction to commence October, 1969);
- (2) construction of a port at Loloho with facilities for loading concentrates to ships (construction to commence September, 1969);
- (3) construction of a major power house near the port, with fuel storage tanks, etc. (construction of transmission lines to commence January, 1970);
- (4) construction of a major road from the port to the mine (completion August, 1970);
- (5) construction of a minor road from the mine to tailings dump areas on the western coast (survey in progress);
- (6) construction of the concentrator plant to separate copper minerals from the rock ore;
- (7) preparation of the pit site, including haul roads and the removal of 30,000,000 tons of over burden from the orebody;
- (8) preparation of a site for dumping waste rock near the pit;
- (9) preparation of facilities for stacking tailings in a swamp area near the west coast;

- (10) construction of a town at the mine with school, post office, etc.;
- (11) construction of a dam on the Jaba River to supply water to the mine and concentrator;
- (12) installation of a water supply to the Arawa town;
- (13) preparation of a quarry—probably near Boromai—to mine and burn limestone for the concentrator; and
- (14) procurement of the mining equipment to be used in the breaking and transport of the ore and waste rock.

In addition to the above mentioned Company activities there will be various obligations which the Administration must accept as matters of urgency during the construction period. These include:

- (1) prompt granting of the various land leases required for essential operations;
- (2) improvements to the Aropa airstrip to bring it to limited Fokker Friendship standard (required by January, 1970);
- (3) design and construction of the Arawa township's primary schools, technical school, high school, and a major base hospital (construction to commence October, 1969);
- (4) improvements to the Aropa-Kieta road (in progress);
- (5) construction of a major road from Kieta to the Arawa town and the Loloho port (required by May, 1970); and
- (6) installation of a telecommunications system to give 24 hour world-wide communications (required June, 1970).

The various items are inter-related in such a way that a particular item, say the road from the port to the mine, must be completed before heavy equipment can be moved to the mine. Similarly the coastal town must be completed to provide accommodation for key personnel in the earliest stage of construction, and large temporary camps must be erected before the arrival of the temporary construction workers. Again, the procurement and arrival of capital equipment must be programmed to permit efficient use of the wharf and port storage capacity.

The Company has estimated that if construction and other preparations are carried out with the necessary speed, production could commence in about three years—i.e. probably early in 1972. There are urgent financial reasons why this period should be kept as short as possible. The large loans involved will carry a heavy interest charge, and this loan money will be largely expended by the end of the construction period. It is therefore of the greatest urgency that every effort be expended by the Company and by the Administration to prevent delays in establishing the operation. The Administration has a threefold financial interest in securing the early achievement of export production—as a taxing authority, as a potential shareholder in the enterprise, and for balance of payment reasons.

Land requirements

The Administration has the responsibility to ensure that the various mining and land leases required are granted without delay—this applies particularly in respect of the Arawa town and the industrial land required near the Loloho port.

The company has applied for and been granted a special mining lease of approximately 10,000 acres in the vicinity of Panguna, as shown in attachments 1 and 2.⁶ This lease

⁶ Not printed—see Bougainville map at back of volume.

will accommodate the open pit mine, the concentrator plant, a town to accommodate expatriate and local workers and a site in the Kawerong valley for stacking waste rock.

Although very little of this land is improved it contains the village of Moroni (population 53) and the four hamlets of Dapera (population 186). It will be necessary for these people to move from their present locations, but they will be compensated for the disturbance, and if necessary, will be given other land to live on.

The owners of the land within the special mining lease will receive compensation for damage to the land and for inconvenience; they will receive the occupation fee of at least \$20,000 in January of each year. The first year's fees have been paid by the Company to the Administration and will be distributed to the owners as soon as they have established their claim to the land. The landowners in the special mining lease will also receive about \$80,000 in royalty payments each year the mine is in full production. These royalty payments will be made every month. Thus the landowners (a group numbering some 1,000 men, women and children) will receive a total of about \$100,000 each year, to be divided among them in proportion to the respective areas owned, and the land will be returned to them when the mine is finished.

It is expected that the Company will, in the near future, apply for leases for mining purposes for:

- (1) the main company road from Loloho to the mine;
- (2) a minor road from the mine to the tailings area and water supply dam on the Jaba coastal area;
- (3) an area for stacking tailings on the swamp areas of the western coast; and
- (4) possibly for leases to mine limestone near Boromai and to mine construction materials near Willy's Nob on the lower Pinei area.

It is expected that the land required for the abovementioned leases for mining purposes will not exceed 40,000 acres.

The total land involved under the Mining Ordinance would thus amount to about 50,000 acres comprising 10,000 acres in the special mining lease and possibly 40,000 acres as leases for mining purposes. This land would all attract income to the landowners of at least \$2 per acre for each year of the lease, plus compensation for damages, and, in the case of the special mining lease which produces the copper, the landowners' share of royalty.

On the special mining lease it will be necessary to relocate the people of Moroni (53) and Dapera (186). The remaining leases for mining purposes will not involve relocation or resettlement of village people.

It is expected that the Company will apply for a lease under the Water Resources Ordinance to accommodate a dam and pumping station on the Jaba River, as shown on attachment 2. This dam would provide water for the concentrator and for tailings disposal. It is not expected that this lease would seriously affect the people living in the area.

It is expected that an installation will be placed in the upper Bovo River to bleed off a water supply for the Arawa town and port facilities. This would not involve a major dam or inundation of land. A small area of about 1 to 2 acres would be required for storage tanks, water filtration and purification.

Land required on the east coast area will be needed for installations which will endure beyond the life of the mine. It is expected that the Arawa township and associated industrial areas will remain as a regional centre for Administration and for trade and commerce. For

this reason the land required will be acquired by the Administration and leased under the Land Ordinance. Details of the anticipated land needs are as follows:

TOWN SITE

It has been decided that the principal new town will be built on the 1,000 acres of Arawa Plantation and an adjoining area of about 650 acres of native owned land. This area of land will serve the Company's and the Administration's immediate needs. Any long range expansion will involve the rehabilitation of uninhabited swamp land.

The town to be built at Arawa will have an eventual population of about 10,000 people, composed of expatriate and local staff employed by the mine, the Administration and the local business and professional people who will form part of the new community. More will be said about the town later in this paper.

It has been asked why the town cannot be built on reclaimed swamp in the first instance. There are two answers to this question. Firstly, as already indicated the need for the town is immediate and imperative. The operation cannot be delayed whilst waste land is reclaimed for a townsite. Secondly, this operation will not survive if the Company cannot attract and retain highly skilled staff.

Bougainville Copper Pty. Limited is in stiff competition for staff with other new and old mines in Australia and other countries. It is a fact of mining life that a company operating in a remote area must be able to offer attractive amenities located in pleasant surroundings in order to attract and retain its staff. With these facts in mind it must be clear that this Company could not agree to build its main town in a swampy unattractive location.

The area to be used for the town was chosen for a number of reasons, the main ones being:

- (1) proximity to the mine area, future port and airport sites;
- (2) proximity to Kieta, whose inhabitants would have the use of the facilities to be established (schools, hospitals, etc.);
- (3) it does not involve the displacement of any large number of people; and
- (4) balancing the loss of production and economic contribution to the Territory of a plantation owned by a two company partnership of about 20 people against the total or partial loss of land and livelihood which alternative sites would impose on nearly 500 people, to whom land is of social as well as economic importance.

PORT SITE

The Company owns Loloho Plantation of 183 acres on Anewa Bay. This will be used to accommodate the Company's wharf and port facilities, including large storage tanks for diesel oil (1,850 tons) and fuel oil storage tanks (60,000 tons). Other facilities will include storage sheds for approximately 100,000 tons of copper and magnetite concentrates, and a major power generating station. In this general area there will be warehouses and stores, and other industrial installations essential to the total operation.

It will be necessary to provide further land of possibly 600 acres adjacent to Loloho to accommodate this general industrial development. Some of this land

will be used in the first instance as a camp for construction workers, and for further processing of copper concentrates.

SITE FOR SUPPORT INDUSTRIES

A further area of about 600 acres will be sought for industrial use by the numerous firms and companies which would be required to support the mine, the town and the district generally. This land would be near the Pinei River several miles inland from the port site, and adjacent to the main company road.

To indicate the range and magnitude of this associated industrial development a preliminary list of probable requirements is given in attachment 3.⁷

RECLAMATION SITE

In order to provide a margin for future industrial or town expansion an area of about 100 acres of swampy land adjacent to the port area will be acquired. This will be reclaimed through the dumping of town and industrial waste. The land will be chosen with the objective of causing as little disturbance to the landowners as possible.

The Administration faces a major problem of acquisition of land for subsequent leasing under the Land Ordinance. The total area discussed above is summarised:

Arawa Plantation	1,000 acres
Adjacent native land	650 “
Port industrial	600 “
Other industrial	600 “
Reclamation Area	100 “
Total	2,950 acres

Since this land is required to support a major industry by world standards it will be clear that where the required land cannot be obtained by negotiated purchase or by leasing under the Land ordinance it must be acquired by compulsory process. In the case of the two industrial areas, where the time factor is critically urgent, it may be necessary to grant the Company leases for mining purposes pending completion of the formalities of purchase or lease under the Land Ordinance.

An important section of the Mining (Bougainville Copper Agreement) Ordinance 1967 is Section 12, which reads:

‘The purposes of this Agreement are a public purpose within the meaning of any law in force in the Territory or a part of the Territory.’

Such a law in force in the Territory is the Land Ordinance 1962. Sections 17 to 23 of that Ordinance set out the ways in which the Administration may acquire land for a public purpose. Such ways include compulsory acquisition if landowners will not sell the required land. This power of compulsory acquisition will be used, if necessary, in respect of the purchase of Arawa Plantation and also in respect of the purchase of other land on the east coast adjacent to Arawa and the port site if the owners refuse to sell the land. But the Administration still hopes to be able to negotiate purchases from the indigenous landowners concerned, and is making every effort to do so.

⁷ Not printed.

What Bougainville copper will mean to the Territory

The impact of the project will be noticed most dramatically in respect of the Territory's level of exports. Current exports are valued at about \$58,000,000. Under the planned increase in the Development Programme agricultural exports should reach a level of \$84,000,000 by the year 1972-73.

In 1972-73 it is expected that export of copper concentrates will commence, and that the value of that year's production of copper will be \$111,000,000. This would result in a more than doubling of Territory exports to nearly \$200,000,000.

Attachment 4 shows the export achievements since 1966 and the projected growth of exports, (under the Development Programme), to the year 1974-75. The tremendous impact of the new industry on the Territory's export income is obvious.

During the development of the project there will be three different stages of revenue collection by the Administration. During the construction period in the years before 1972-73 when exports of concentrates will begin the Administration will receive substantial revenue generated through company tax paid by contractors, personal income tax paid by construction workers, fees, duties and service charges etc. Preliminary estimates indicate that this revenue will gradually increase to more than \$7,000,000 in the year 1971-72, with a total of more than \$17,000,000 over the construction period.

The second increase in revenue collections will occur when exports of copper concentrates commence in 1972-73. The company will not be liable to pay company tax at this early stage but will commence paying royalties and dividends. The Administration will receive from \$1,000,000 to \$2,000,000 per annum in royalties from this date depending upon the export price of copper and production levels achieved during the period. Indirect revenue from sub-contractors and construction workers will cease, but a substantial increase in total revenue collections will occur if the Administration exercises its opinion to purchase 20 percent of the company's shares. Depending upon the price of copper and the company's dividend policies, total revenue received by 1973-74 could be as high as \$16,000,000 per annum.

It is expected that the company will commence to pay company tax by 1981-82. A conservative estimate indicated Administration revenue collections of about \$30,000,000 but depending upon world copper prices this could be as high as \$50,000,000 per year.

The Company desires that the indigenous residents of the Territory will participate financially in the Bougainville Copper project and thus reap a proportion of the cash benefits to be derived from the project. To this end the Company intends to reserve for Papuans and New Guineans a proportion of those shares in the project which will be offered to the general public and is studying the methods whereby this could be achieved.

The Company expects that during the construction period the work-force will reach about 4,000 men. Owing to the shortage of skilled local construction workers and the necessity for speed it is likely that many of the construction workers will be recruited from sources outside the Territory. Recruitment will be on the basis of a short contract with provision for compulsory repatriation at the end of the contract. The Company's recruitment programme will be carried out in a way which will not prevent other industries from also gaining a fair share of the skilled and semi-skilled people becoming available in the Territory. During the construction period the Company will gradually increase its permanent work force so that when production commences early in 1972 the permanent work force will number about 1,800 workers comprising about 700 expatriates and 1100 Papuans and New Guineans. As the indigenous people acquire the necessary skills they

will be recruited by the Company to replace expatriate workers. This means that the Company will open up employment to Papuans and New Guineans in the fields of skilled labour, and also in technical, middle range and senior executive and professional fields.

The Administration will need to expand its staff in the District by about 770 by the year 1972–73 (170 expatriate and 600 local).

It is expected that by the year 1972–73 commercial, industrial and service industries will provide employment for a further 200 expatriate and 700 local people.

In all avenues of employment there will be progressive increases in the proportion of local workers as the Company's training programme and the Administration's Educational services take effect.

The new town at Arawa will ultimately have several primary schools. The first of these schools is expected to commence enrolling pupils by February, 1970. As pupil numbers increase this school will be expanded or new schools built. The town will also have a secondary school to be completed by December, 1970. It will cater for the educational needs of about 250 students. A technical college will also be completed by December, 1970.

In addition a large new primary school will be built at the Panguna mine town.

These new schools will form a valuable educational complex. The primary schools will serve not only the residents of the new towns but also the surrounding indigenous population. The technical and high schools will, it is expected, serve the whole of the Bougainville District.

The Company has already established a heavy training programme. The aims of the Company's training programme are:—

- (1) to meet, and where possible, exceed the manning guide lines in relation to indigenous labour content;
- (2) to examine methods and undertake steps to provide effective practical and theoretical training for indigenous employees;
- (3) to provide additional academic instruction to enable employees to profit from industrial training; and
- (4) to explore and undertake steps to obtain an adequate supply of technically qualified personnel.

The programme includes systematic training courses whereby employees recruited at the school-leaving stage are either passed directly to full-time university courses, or are taken through formal in-service training courses leading to senior management responsibilities in the technical, clerical and executive fields.

It is estimated that this programme, when fully underway, will involve the Company in an annual expenditure of about \$500,000.

A major regional hospital will be built at Arawa town. It will have 30–35 intermediate beds and 200 public beds. Like the regional hospital at Goroka it will be equipped with all specialist facilities to serve the medical needs of the whole of the Bougainville District. Building of the first stage should be commenced in December, 1969 and be completed in December, 1970. The second stage should be completed in April, 1971 and the final stage in December, 1971.

During the construction period additional temporary hospital facilities will be provided at Kieta and at the mine site.

The Company will construct a port at the site of its Loloho Plantation on Anewa Bay about 8 miles north from Kieta. Associated with the port installation will be loading facilities for shipping concentrates, tank farms for storage of fuel and oil, warehouses, etc.

Near the port the Company will construct its powerhouse, and will require land for a site for further processing of copper concentrates.

It is important to keep in mind that this project will be one of the largest mining operations in the world. The scale of the physical operation is unprecedented in the industrial history of the Territory. It is apparent that an operation on this scale will require support from a large variety of subsidiary industries. For example, the equipment using rubber tyres will create a demand for a major rubber goods warehouse and retreading factory.

The suppliers of heavy earth moving machinery will require warehouses and repair service shops, as will the electrical equipment companies, steel fabricators, timber merchants, hardware and builders suppliers, etc.

Most of this and similar industrial development will be required in direct support of the mining operation but will also serve the needs of the surrounding district.

The volume of air traffic to and from Aropa will be increased many fold. Already the airlines have announced increases in the number of scheduled flights. Work has begun in connection with improvement of the airstrip to allow handling of Fokker Friendship (F.27) aircraft. This work will cost the Administration a sum of approximately \$500,000.

The road from Aropa airport to Kieta is being improved to carry the great increase of traffic which will take place.

A new heavy duty road from Kieta to link with the Company's road at Loloho will be constructed at a cost of approximately \$500,000.

The Company's road from Loloho to the mine will of course be a major road. It is estimated to cost about \$8,000,000. A lesser road will be required from the mine to serve the Company's pumping station and tailings disposal operations on the west coast. This road will complete a virtual trans-island link which could in the future connect with a road system along the west coast.

Improved communication with Rabaul has been established. By August, 1969 it is hoped to complete a similar direct link to Lae, and by June, 1970 the operation will call for a major system of 24–36 channels connecting at Lae with the Territory network and the 'Seacom' system. This will permit 24 hour service to the rest of the world.

The Company proposes to establish a major power generating station near its port. The station will initially generate 120 megawatts of electric power, with a provision for extension if required. This electricity would be used mostly for the Company's operations, but sufficient power will be made available to the Papua and New Guinea Electricity Commission to permit distribution to the Arawa town and Kieta.

The output from the new station will greatly exceed the total power generated in the rest of the Territory. For comparison—the new Rouna No. 2 hydro-electric station generates 30 megawatts—Rabaul uses about 5 megawatts.

The new Arawa town will have an eventual population of about 10,000 people, expatriate and local. These will be mine workers, Administration staff, and the personnel associated with the private, commercial, professional and industrial activities essential to the existence of such a town.

All houses in the town will be of modern construction and will be connected to water, electricity and sewage services. In addition recreational and entertainment facilities will be incorporated in the town plan.

This town will remain as a permanent regional centre for administration and commerce after the mining ceases.

It is seldom that the life of a mine can be accurately forecast in its early stages. Mining is still an important industry in Kalgoorlie, W.A., Broken Hill, N.S.W., Mt. Lyell, Tasmania, and Mt. Morgan, Queensland, after more than 60 years of operation. The total life of the Mt. Isa field can be expected to exceed 60 years.

The published figures relating to the Bougainville project show a life of about 25 years, but it is known that substantial additional tonnages of lower grade ore exist within the Special Mining Lease, and that additional ore exists below the planned bottom level of the pit. It also seems likely that there would be additional suitable ore nearby and perhaps in a few years the people will have become used to mining, and recognising its benefits would then not object to the Company making further detailed investigations. The overall prospect of a life greatly in excess of 25 years is particularly promising at this pre-production stage of the operation.

General conclusions

Earlier in this paper it was stated that the effect of the Bougainville copper project would be to more than double the Territory's export income; to introduce massive new revenue to the Treasury by way of dividends, royalties, company and individual income taxes, fees, duties and service charges; and to make possible dramatic advances in the way of life of the people of the area who will be able to enter into a cash economy based on secure employment and greatly improved education and health services.

It is hoped that the detailed information given in the paper will confirm that statement, and permit Members of the House to see the project in its proper perspective as an event of unprecedented economic and social significance in the history of the Territory.

It should be kept in mind that without the technical and financial strength of a major international mining company it is most unlikely that the significance of the Bougainville copper deposits would have been recognised. Few companies have the resources to risk \$16,000,000 in investigations (which might not disclose a feasible operation), or to continue with the further massive investment required to bring the mine into production (\$300,000,000).

It would not be difficult to imagine the added economic and social benefits if another such deposit were discovered in the Territory. The chances of such a discovery are by no means remote. Several large foreign mining companies are today investigating interesting mineral occurrences in other parts of the Territory including the Western District, the Sepik District and the Central District. The successful establishment of the Bougainville Copper project will encourage such companies to continue their exploration efforts.

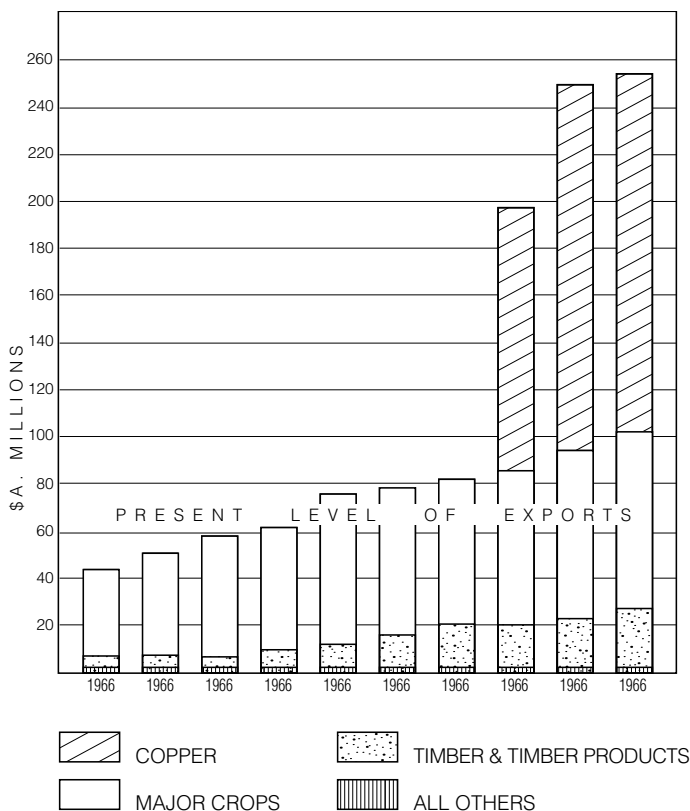
The Administration believes that the Bougainville Copper project offers a most important opportunity for the Territory to take a significant step forward toward economic self-reliance. Because of this the project is seen as of national rather than local importance, and it is seen as a unit in the mining industry rather than as a single mine.

The Administration intends to fulfil its obligations under its Agreement with the Company and take all steps necessary to bring this great national asset into production.

Honourable Members, the facts are placed before you in order that you may be fully informed as to what is involved in this project.⁸

Attachment 4

VALUE OF PROJECTED EXPORTS DEVELOPMENT PROGRAMME PLUS COPPER



[NAA: A452, 1969/2443]

8 After debate, the House adopted the following motion: 'That the House take note of the paper, and fully endorses the huge Bougainville copper venture as being a major and essential development in the economic future of the Territory, but requests that, prior to the acquisition of any native lands whatsoever in connection with the activities of CRA on Bougainville, the Administration should hold consultations with the Company and all landowners in the general area, in order to discuss land values and compensation levels for economic crops' (undated and anonymous DOET paper, NAA: A452, 1969/3026). The House's consideration of the Administration's paper had been preceded by visits of various MHAs to Bougainville, including one by a group consisting of Lokoloko, Abal, Langro and Oala Rarua. The group had been invited by Lue and was reported to be 'very sympathetic' toward the Government position (telex 3755, Hay to DOET, 23 May 1969, NAA: A452, 1969/2443). Rarua later conveyed suggestions including that the acquisition of Arawa be accompanied by a two year moratorium on the possession of adjoining land (attachment to letter, Hay to Warwick Smith, 6 June 1969, *ibid.*). Somare and Voutas also visited Bougainville during this period (telex 3755, Hay to DOET, 23 May 1969, *ibid.*).

287 LETTER, BARNES TO LYNCH¹

Canberra, 18 June 1969

SECRET

I refer to your letter of 29th May seeking my agreement to a proposal to increase the present strength of the P.I.R. to 2,700 by mid-1970.²

[matter omitted]

The recommendation of the Defence Committee which was considered by Cabinet was for an increase of about 15 per cent over the existing level.³ This would have brought P.I.R. strength to 2,850 by June, 1969.

Cabinet, however, took the view that it would be a reasonable course to hold the strength at the existing level until the review of the overall defence forces of Papua and New Guinea could be carried out, although, as you mention, it did not rule out such marginal increases as would serve operational efficiency as might be agreed between us.

The increase you are now proposing represents an increase of about 10 per cent over the present figure. To my mind this could hardly be regarded as marginal and indeed it would bring the indigenous level of the Force very close to the figure of 2,850 which Cabinet decided not to approve.

As far as organisational aspects are concerned, the present review, in accordance with Cabinet's direction, will be canvassing not only such questions as the size and roles of the Force but also the type of Force demanded by the circumstances of Papua and New Guinea. As the Defence Committee pointed out, this might not necessarily conform to the Australian pattern and might point to the desirability of a unified defence force.

Without wishing to pre-judge the outcome of this review and having regard also to current assessments of the external threat to the Territory, I consider that the appropriate course would be to await the outcome of the review before embarking on any further recruitment and the expenditure that it would entail.

I have sent a copy of this letter to our colleague the Minister for Defence.

[NAA: A452, 1968/4163]

1 P.R. Lynch.

2 Lynch had noted that Cabinet's decision of September 1968 (see Document 222) did not preclude 'marginal increases in strength as would serve operational efficiency'. His department had therefore 'examined the situation, and finds some small increases are necessary for the effective working of the current P.I.R. organization ... This will provide a modest, but immediately necessary, increase of 240 over the next year and while not involving the raising of the third battalion, or any other unit, will allow the existing infantry battalions to be brought to full strength, release essential manpower for some other existing units, and meet the requirements to train, without serious repercussion on unit efficiency, potential officers and skilled tradesman to hasten the indigenization of the forces' (NAA: A452, 1968/4163). (For discussions in early 1969 between Defence and DOET on the long-term size of the PIR, see footnotes 1 and 2, Document 262.) After Lynch sent his letter, Bland had requested White to furnish the Department of Defence with a 'detailed statement for the requirement for the additional 240 personnel' (letter, Bland to White, *ibid.*). In providing this statement, White added that 'I wish to emphasise that I regard these proposals to be "marginal increases as would serve operational efficiency" and in no way do I believe that they anticipate decisions which rightly should await the outcome of the current Defence Review' (memorandum, Army (White) to Defence, 14 July 1969, *ibid.*).

3 See Document 190.

288 SUBMISSION, PLIMSOLL TO FREETH

Canberra, 26 June 1969

SECRET

West Irianese: Zongganao and Runaweri¹

Policy on this question as approved by Mr. Fairhall is set out in telegram 1913 to Djakarta attached.² The Minister for External Territories has been in agreement with it. In brief it is that—

- (a) The two men should be treated as refugees, in accordance with the principles of the Convention on Refugees and the Declaration on Territorial Asylum. The grant of permissive residence itself indicates an intention to treat them as refugees.
- (b) As refugees, they cannot be deported to the country from which they fled.
- (c) They can remain in TPNG as permissive residents, but cannot carry on anti-Indonesian activities there.
- (d) As to their going on to New York or elsewhere, Australia 'will neither prevent nor assist'.
- (i) We have no legal power to prevent aliens leaving TPNG;
- (ii) Active frustration of their attempts to leave would invite public and international criticism, including more active interest of the High Commissioner for Refugees.

2. Jockel has asked for further instructions, arguing that there have been new developments since our telegram 1913 was sent. (See his telegram 1691 attached.)³ The main points he makes are these:

- (i) Malik told Jockel on 14th June (and also has told the press off the record) that Zongganao and Runaweri were involved in a plot to murder General Sarwo Edhie and Ortiz Sanz. Malik has also referred (to journalists) to the alleged agreement that Australia will return border crossers, in particular criminals. A similar claim was made in the liaison talks at Djajapura to Webb, who replied that this would be a matter for discussion between Djakarta and Canberra.

[*matter expunged*]⁴

1 Well-known Irianese nationalists William Zongganao and Clemens Runaweri had crossed the border on 30 May. The said they had done so in order to determine the attitude of the Australian Government on Irian's future and to obtain passage to the UN, where they wanted to argue the case for Irianese independence. They also requested a cash advance from the Australians for this trip, and claimed that the advance would be guaranteed by their supporters (MIS no. 5/69, 6 June 1969, NAA: A1838, 936/3/15 part 5). As Rowland explained in a letter to Jockel, the story was 'widely reported' in the Australian press on 11 June 'with particular emphasis on their "mission" to New York'. He continued: 'While we had been at some pains to keep them under wraps, the story was broken by the A.B.C. correspondent in Wewak who possibly picked it up by listening to Administration messages on the radio, a practice which appears to be quite common in press circles in the Territory. In view of the strong press interest which developed and with the House of Assembly ... resuming on 16th June, External Territories felt it was necessary to recommend to Mr. Barnes the immediate granting of permissive residence to the two men' (23 June, NAA: A1838, 3036/14/1/6 part 14).

2 Not printed.

3 Not printed.

4 Sub-paragraph (one sentence) expunged.

- (iii) Jockel also refers to the border agreement as implying that ‘Indonesia will not contest who we take provided we bottle them up.’
- (iv) He refers to reports that a third West Irianese is seeking to cross into TPNG to join the mission to go to New York as strengthening his previous argument that, unless we hold firmly to a policy of preventing the onward passage of such people, TPNG will become an escape route for⁵ series of them.
3. In general he argues that we must find ways of preventing the West Irianese from leaving TPNG.
4. Our comments are these:
- (i) We cannot confirm that these two persons were engaged in a murder plot, although their organization (the KPPB)⁶ did have a plan in 1967 to murder the then Indonesian military commander. But these allegations do raise the possibility (a) of an Indonesian request to us to return the two as criminals; and (b) a line of Indonesian public attack on the men if they should in fact get abroad.
5. As to (a), Jockel thinks that a direct Indonesian request is unlikely because Malik would realise the probability of a refusal or an invocation by us of the UNHCR. We agree with this assessment.
6. Whatever the truth of the Indonesian charges, and they relate to acts which have clear political motivation, the men are political refugees and we would not in fact wish to return them.⁷
7. Jockel implies, however, that we might use these charges as a means of ‘bottling up these two men in Manus’, presumably by preventing their travel abroad by some means and by threatening deportation. If this were done it would rapidly become public and the legality of our action could be questioned—especially now that their case has aroused public interest and an offer of funds. The fact is that we do not have legal power to detain indefinitely.
8. As to the alleged agreement to return border crossers, we told Djakarta (our telegram 1676)⁸ that ‘there is no agreement between the Australian and Indonesian Governments requiring the return of *all* West Irianese who cross the border ...’⁹ our practice is closely to question West Irianese crossing the border and claiming to be refugees. Those who can establish that they are in fact refugees are permitted to remain as permissive residents under certain conditions.’

Travel documents

9. The two men have now approached the U.N. Information Office at Port Moresby and the Netherlands Foreign Minister for travel documents. Jockel seems to suggest that we ourselves should seek to dissuade the Dutch from meeting this request (his telegram 1691, paragraph 5).¹⁰ You might care to consider this: to do so would depart from the ‘neither help nor hinder’ principle so far adopted.

⁵ The word ‘a’ appears to be missing here.

⁶ This should probably read ‘KKPB’—Komite Kemerdekaan Papua Barat (West Papuan Freedom Committee).

⁷ Freeth here wrote in the margin: ‘Unless there were some strong evidence of a kind sufficient to justify an extradition if [an] extradition treaty had existed’.

⁸ Not printed.

⁹ Ellipsis in the original.

¹⁰ Not printed.

10. It is possible that we might be asked to provide travel documents; the Convention on the Status of Refugees would imply some obligation to do so, except for the fact that we (alone of countries adhering to the Convention) have entered a reservation on this point. We would not propose to provide such a document—though this could entail some criticism if our refusal became known.

11. There is also the possibility that we might be asked to provide simply documents of identity, which might be acceptable to the United States or another country as the basis for a visa. In this case we might find it hard to refuse particularly as the Refugee Convention specifically places this obligation on parties.

12. But, whatever might eventuate about documents, we should make it clear to the two men that they could not expect re-admission to TPNG. This might well be sufficient to cause the United States (or any other country such as Holland) to refuse them a visa. While there are thus substantial obstacles in their way they might yet get to New York. The Netherlands Government is under domestic pressure to see that the West Irianese get as fair a deal as possible in the Act of Free Choice and may feel obliged to help these petitioners at least by the provision of travel documents.

Conclusion

13. In all the circumstances we feel that we have no alternative but to adhere to the general line of policy already adopted, though we do understand the embarrassment these people could cause the Indonesians. We think that Jockel should be guided accordingly in his discussions with Malik. We must leave the detailed handling to him; but (in brief) he should not lead Malik to think that it is in our power to 'bottle up' these men indefinitely—though as we have said we will do nothing to help them. In the end, we might, under pressure, issue them with a document of identity but we will certainly not volunteer to do so. And if, eventually, we did do so there is still no guarantee that they would be able to secure the necessary visas, given that we would make clear that they could not expect re-entry to TPNG.

14. If you agree we shall make this the basis of a telegram to Jockel, making it clear to him that you have endorsed the line proposed.¹¹

[NAA: A1838, 3036/14/1/6 part 14]

11 In marginalia, Freeth wrote: 'I agree with the conclusions above. However at times the distinction between "political" refugees, and "criminal" refugees could be difficult. Implication in a murder plot would in my view place these men in the category of criminals. Malik's statements are extremely vague. Jockel might indicate perhaps that if we were satisfied that there were strong admissible evidence other than hearsay of a kind which if an extradition treaty operated might lead to successful extradition procedures, we could consider returning them. If the nature of the evidence against these men is strong the fact could be mentioned to them as being likely to discredit them shld they go abroad. Malik's mere allegation without some supporting facts is likely to be viewed simply as an attempt to discredit them—and perhaps we should be testing his genuineness by asking him about it. Addn—*Examination* of the evidence of these allegations could serve as a pretext for refusing to issue travel docs'. Territories later informed DEA that Zongganao and Runaweri were interviewed on Manus. They denied knowledge of a plot to kill Edhie and Sanz, considering that 'this was an Indonesian attempt to discredit them'. They claimed to have earlier forewarned Sanz of an assassination attempt and said that they were aware of the kidnapping of a pro-Indonesian Irianese, Jabung Sabra, but had not been involved. Territories concluded that the pair probably knew of the plan to kidnap, but took no part. It was thought that involvement against Sanz was unlikely and that there was 'no proof of their knowing of a plot to kill Edhie, but the interviewing officer thought that from their attitude and reaction it is likely that they did' (memorandum, DOET (Galvin) to DEA, 30 July 1969, NAA: A1838, 3036/14/1/6 part 15).

289 MINUTE, WARWICK SMITH TO BESLEY AND BALLARD

Canberra, 27 June 1969

I spoke to the Administrator by telephone this morning about the Constitutional Committee.¹

I asked him the position regarding Chairmanship. He said it was generally accepted that Arek having moved the motion and who was anyway in a strong position in this matter would be Chairman. I said I was surprised that they should take a Papuan Chairman again for the second time and also that Arek was a junior member of the House. Hay said his position however was unassailable in this respect.

Hay went on to say that Arek's statement had been extremely careful.² I said that it was my impression that Arek was working to a timetable (even though a conservative one). Hay said this was not obvious but the possibility existed.³

Hay asked about meetings with the Minister which I explained in terms of the attached message⁴ which I subsequently sent to him.

We also discussed the question of an unofficial adviser and I spoke in terms of the attached message. Hay expressed the view that the Committee would be pretty cautious in its approach and that there need be no worries about any tendency to move rapidly along the path of a greater degree of self government.⁵

[NAA: A452, 1969/1135]

1 On 26 June, Hay reported a conversation in which he had discussed with Arek the committee's 'geographic distribution and membership'. Suggestions—which 'in the main' were Arek's—included four highlanders, three from the New Guinea coast, two Papuan coastal members and two islanders. The committee would have at least two, and perhaps three, elected expatriate members. Arek also asked for an expert constitutional adviser—having Davidson in mind—and two administrative assistants. Hay replied that a 'representative group' along lines suggested was in accord with Administration thinking. He commented to Canberra that Arek had 'gone away to consult with others. He is under a good deal of pressure from many quarters and may want to make some changes before reaching finality'. As to a constitutional adviser, Hay 'discouraged the name but not the idea' (telex 4879 to Warwick Smith, NAA: A452, 1969/1135). Warwick Smith replied: 'There seem to be too many Australian members. Apart from Tom Leahy I doubt if others would add much to the committee ... [I] do ... not consider that an expert constitutional adviser should be retained as he would be likely to have far too much influence on the course of events. This applies particularly to Davidson of whom we have had a good deal of experience. Any expatriate adviser [is] likely to cause no end of trouble and [I] doubt if in the last resort [the idea would be] acceptable. [We] May have to insist any staff be public servants. [The] Committee [will be] able to call evidence and obtain views on widest basis ... We will provide an expatriate secretary who we would hope would be from Attorney-General's Department to provide constitutional and legal assistance to the committee ... While Arek moved the resolution [I] do not ... consider that he should determine the composition or chair the committee. After all he has been there only 12 months' (telex 6317 to Hay, 27 June 1969, *ibid.*). Besley spoke about the telex to Johnson, who said that two places had been reserved for official members and that only Arek could be chairman as 'this is the "normal" practice and in any case [the Administration] would be defeated if [it] proposed any other course'. Besley objected to this practice, saying he 'doubted if this ought always be accepted as a matter of course', to which Johnson 'repeated that it would be "impossible" to do anything about it' (minute, Besley to Ballard, 27 June 1969, *ibid.*).

2 According to a summary in *This week in the House*, Arek had said that 'constitutional development was something that happened all the time in democratic countries. He said things were changing quickly in Papua and New Guinea and it was very important that, as a democratic Government, the House of Assembly should continually ask the people to help determine not only what was good, but what would work best. He hoped the committee would help to unify the people of the Territory, because without true unity "we will end up as a lot of fragmented, warring, bankrupt and corrupt states" like some of the parts of Africa which he recently visited' (no. 11, 27 June 1969, NAA: A1838, 936/4/11/1).

3 See footnote 2, Document 261.

4 Document 290.

5 On 27 June, the House elected the following members to the committee in addition to Arek: L.W. Johnson, Littler, Mola, Olewale, Leahy, Lussick, Toliman, Somare, Middleton, Oala-Rarua, Giregire, Abal and Matiabe Yuwi (MHA, Tari open electorate) (attachment to memorandum, DOET (Ballard) to AG's, 14 August 1969, NAA: A452, 1969/4055).

290 TELEX, WARWICK SMITH TO HAY¹

Canberra, 27 June 1967

6315. UNCLASSIFIED IMMEDIATE PERSONAL

I think a real argument against a non-official constitutional adviser is that unless experienced in the responsibility of government such people almost inevitably tend to seek to force acceptance of their own ideas and that what happens is that a debate develops between the governing authorities and the non official adviser instead of between the governing authorities and the representatives of the people concerned. It appears from experience in Samoa and Nauru that this is almost inevitable. As mentioned there would be no inhibitions on the committee obtaining views advice etc. from any non-official sources. If anything the committee will be swamped with draft constitutions and all sorts of ideas about constitutional questions. You could take a firm commitment that the Commonwealth will provide a suitably qualified legal person who will give objective and authentic advice. On your point about the Minister. If they wished to vary or discuss possible changes under the arrangements prescribed under Sections 24 and 25 of the Act² (as distinct from discussing or changing the way in which the arrangements presently prescribed are operated) we have suggested to the Administration that the committee ought to have a talk with the Minister. If they wish to secure changes in the Act itself directed to further steps in the executive government and going beyond the scope of sections 24 and 25 then we have suggested they should seek a conference with the Government (presumably, as before, with 3 or 4 ministers).

[NAA: A452, 1969/1135]

291 SUBMISSION NO. 654, BARNES TO CABINET

Canberra, 8 July 1969

CONFIDENTIAL

**Territory of Papua and New Guinea
Bougainville copper project**

Purpose

The purpose of this submission is to inform Ministers on the progress of this project and to seek Cabinet approval for the temporary and conditional use of Asian workers during the construction phase.

Background

2. In 1967 (Decision No. 258 of 18th April)¹ Cabinet endorsed arrangements for an agreement between the P.N.G. Administration and a subsidiary of Conzinc Riotinto

¹ For context, see Document 289.

² See Document 197.

¹ Document 106.

of Australia Ltd. (Bougainville Copper Pty. Ltd.) for copper mining development on Bougainville Island in New Guinea.

3. The agreement was ratified by the Mining (Bougainville Copper Agreement) Ordinance 1967 of the Territory House of Assembly. The Agreement provides that 20% of the operating company's equity capital may be taken up by the Administration or an approved authority on behalf of or by the people of the Territory. There will be a three year tax holiday and certain other concessions to the Company during the early period of production, but when full company tax becomes payable, the rate will be 50% of taxable income (as against the present Territory company tax rate of 22½%).

4. At the time of the negotiations, the Company envisaged that some 10 million tons of ore would be processed annually and production would be of the order of 200,000 tons of copper concentrate per year. Later feasibility studies have favoured a much larger scale of operations and at full production it is now planned to process some 30M tons of ore per year, with an expected annual yield in the region of 470,000 tons of copper concentrate.

Status of project

5. The Company says it has taken an 'in-house' decision to go ahead and to spend \$35M in 1969 on a port, access roads, town sites and other facilities. A public announcement of a final decision to go ahead will be made later this year after completion of a detailed evaluation study and confirmation of credit arrangements. The capital structure has not yet been determined but it seems likely to be \$100M equity and \$200M credit. The Company has been granted a mining lease and discussions are in progress on the grant of the auxiliary leases.

Government option to equity shareholding

6. The Company does not intend to offer the Administration the 20% equity until it has made a public announcement on the future of the project. The Administration will then have six months to take up the offer. If the offer is accepted, the Administration will be required to subscribe \$20M (\$10M in each of the years 1969/70 and 1970/71).

7. A matter for consideration is whether the Government should seek to take up the equity now or await the Company's formal offer.

8. Participation now would give the Government a say (if it wanted it) in important decisions to be taken by C.R.A. It could have a favourable political impact in the Territory and promote confidence in the Territory on the part of private investors. The Bank of America has told the Company it will arrange the credit sought provided the Government takes up the equity. A decision now would clarify the Government's attitude and firm up the whole project.

9. On the other hand, the Company is not seeking an immediate decision by the Commonwealth. The final feasibility study will be ready within two months and although C.R.A. and the finance houses seem to be backing the project in advance of securing the final feasibility study, only that study will provide a really satisfactory basis for assessing the prospects of profitable operation of the project. We would also be wanting to avoid formal association with the Company on issues sensitive in the Territory at this stage, for example in acquisitions of land for Company purposes. Furthermore, the Government is already being fully consulted by the Company.

10. On balance, I consider that a decision on Government equity participation should be deferred until a formal offer has been made (probably in August of this year).

Effects on the Territory economy

11. Development of the copper deposits should speed up dramatically the Territory's progress towards economic self-reliance,² substantially increase revenue available to the Administration and provide substantial employment and training opportunities—

- By 1982, it could result in a net annual contribution of some \$50M in the Territory balance of payments of goods and services.
- At full tax paying stage annual revenue to Administration from the project could be of the order of \$50M. (Estimated Administration revenue for 1968/69 \$54M). Over the first 10 years of operation, total revenue of the order of \$200–\$300M (depending on copper prices) could be received.
- The project could add around 60% to the current 'gross Territory product'.
- Employment for some 2,500 indigenes in early production period, rising to perhaps 4,000 after 10 years. During construction, peak indigenous employment of around 3,000.
- Establishment of a regional town centre of some 10,000 people (size of Rabaul) with a range of industries and services.

Proposed use of Asian workers

12. The project will generate heavy demands for labour. On a broad estimate the peak workforce required by the Company during the 36 to 42 month construction period will be of the order of 4,000 (Attachment I).³ This will consist of some 1,700 positions for which indigenes will be available while the remainder will require special skills which are scarce or not available in the Territory. Unrestricted competition by C.R.A. on the limited Territory labour market would result in severe disruption and unmanageable wage pressures (Attachment II).⁴ Businessmen in the Territory have already complained of labour 'poaching' and a major assault on the Territory's labour market by C.R.A. and the contractors associated with the construction work would be a matter for serious concern.

13. The schedule for construction involves the completion of works of the order of \$250M by mid-1972. The critical timing together with the special nature of much of the construction makes it impracticable for any significant part of the skilled construction workforce to be provided by a crash training programme.

14. C.R.A. recognises the shortage of skilled workers in the Territory and is willing to be guided by the Administration's assessment of the number of employees both native and expatriate which it can safely seek to recruit from within the Territory. However, previous experience, for example in connection with major defence contracts, shows that it is difficult in practice to control the demands of contractors on the Territory labour market and the inflationary impact of heavy expenditures in the small Territory economy. Importation of Asian labour would help to overcome the problem.

15. Because of the buoyant Australian economy, the Company considers there will be difficulties in recruiting labour in Australia and then only at the cost of substantial wage increments which would have an undesirable effect on wage levels in the Territory

² See Document 267.

³ Not printed.

⁴ Not printed.

and (to a much lesser extent) in Australia. The Administration supports the Company's assessment in relation to wage levels in the Territory.

16. The Company is therefore proposing to let the major construction tenders on the international market and considers that the most satisfactory tenders will be received from Asian countries, especially Japan, involving the use of specialised Asian labour (see Attachment I).

17. Under the existing immigration procedures of the Territory, the importation of non-European labour is restricted to limited numbers of key workers who cannot be obtained from normal immigration sources. The policy would not extend to admission of the numbers and categories of skills required in the C.R.A. project.

18. The Company has proposed a massive training programme involving the expenditure of some \$2M by 1972 (Attachment III).⁵ The Company has indicated that the objective of the training programme is to achieve maximum indigenisation of the project workforce as quickly as possible and discussions on the final form of the programme are still proceeding with the Company.

19. It is suggested that workers indentured from Asian countries are more amenable to control and discipline and would be less likely to cause serious social problems on Bougainville than large numbers of Australian or other European construction workers. This view is supported by the Administrator's Executive Council.

20. Use of international tendering would mean reduced capital expenditures by the Company and result in substantial increases in Administration revenue from the project by way of dividends and tax receipts. At favourable copper prices, the figures at present available suggest that the additional revenue could be of the order of \$7M by 1982.

21. Because of the uncertainties at this stage regarding the successful tenderers for construction work and the timing of operations on individual contracts, the Company is not in a position to provide firm details of the numbers of Asian workers that may be required. The Company is therefore seeking a general approval for the admission of Asian tradesmen and professional workers (the majority will probably be Japanese) up to a maximum *at any one time* of 1,600 and over a period of about 36 months. The length of stay of each worker would depend on the individual contracts but would probably average less than 12 months.

22. It is not unlikely that the relaxation of the policy of admission of Asian workers in this case would lead to requests from other employers. Each case would have to be looked at on its merits but I do not intend that there be other relaxations of existing immigration policies unless compelling reasons exist. Because of the vast size of the Bougainville copper project, its likely effects on the Territory economy and the large training programme proposed, the C.R.A. proposal seems to me to clearly stand separate, and to be distinguishable, from other construction projects in the Territory which might seek to use Asian workers.

23. Under these circumstances, I consider the Company proposals should be approved as being unavoidable in the best interests of the Territory, despite the fact that the approval will result in some contracts going to foreign-based companies which may otherwise have been won by Australian companies. I have already approved the entry of 17 Japanese for a period of four months for the erection of prefabricated housing at the mining town on

⁵ Not printed.

Bougainville. This decision was taken after consultation with interested Ministers and without prejudice to the decision by Cabinet on the present submission.

24. The Papua and New Guinea Administrator's Executive Council has already been consulted in general terms on this proposal and has reacted favourably. Consideration by A.E.C. of the detailed proposals will be arranged after the views of Cabinet are available.

Recommendation

25. It is recommended—

(1) that Ministers note that C.R.A. has taken an 'in-house' decision to go ahead with the Bougainville Copper project and that in pursuance of its obligations under the Bougainville Copper Agreement the Company is expected to offer 20% of the project's equity to the Administration later this year. Acceptance of this offer is likely to involve cash subscriptions of \$10M in each of the years 1969/70 and 1970/71.

(2) that Ministers approve the short term admission of Asian workers (of the order of 1,600 at any one time) during the construction period from 1969 to 1972, subject to the following conditions:

- (a) the Ministerial Member for Labour is satisfied that:
 - (i) suitable indigenous labour is not available;
 - (ii) the Company training programme is designed to achieve maximum indigenisation of the project's operational workforce as soon as possible and to make the best practicable contribution towards the training of native employees for the project's construction workforce.
- (b) satisfactory supervision and accommodation arrangements.
- (c) satisfactory arrangements regarding bonds and other guarantees of repatriation (including repatriation of individuals before expiration of the agreed period if required by the Administration).
- (d) compliance with normal immigration requirements (health and character).
- (e) concurrence of the Administrator's Executive Council.⁶

[NAA: A586, 654]

6 On 19 August, Cabinet noted paragraph 25(1), including that acceptance of the cash subscriptions 'depends on the Government being satisfied, from its assessment of C.R.A.'s feasibility study when this is fully to hand, that the venture is sound and offers reasonable prospects of profitable operation' (decision no. 1209, NAA: A5868, 654). The recommendations embodied in paragraph 25(2) had been the subject of disagreement during inter-departmental consultations prior to submission. Under pressure from industry groups (see note for file by J.B. Gregory (OIC, Mining Projects, DOET), July 1969 (exact date unknown), NAA: A452, 1967/1104), the Department of Trade and Industry had indicated it would advise McEwen to oppose the recommendation, on the basis that 'it would disadvantage Australian manufacturers and prevent them from securing contracts which they would otherwise win' and that 'it would set a precedent which would be unfavourable to Australia's short and long term export interests in the Territory' (see record of conversation between DOET officials, D.F. Fisher (Assistant Secretary, Services Branch, Department of Trade and Industry) and N.C.K. Evers (Assistant Secretary, Policy Secretariat, Department of Trade and Industry), 7 July 1969, *ibid.*). Cabinet did not rule on paragraph 25(2), deciding that 'this matter should be referred back to it after clarification is reached in relation to discussions now proceeding concerning the Arawa plantation and native lands in Bougainville' (decision no. 1209, NAA: A5868, 654).

292 SUBMISSION NO. 655, BARNES TO CABINET

Canberra, 8 July 1969

CONFIDENTIAL

Grant for Papua and New Guinea Administration in 1969/70

This submission seeks approval for a Commonwealth grant of \$97 million to the Papua and New Guinea Administration in 1969/70. The grant for 1968/69 was \$87 million.

2. The financial year 1969/70 is the second year in the five-year Development Programme, which has been endorsed by the Government as a basis for planning. (Decision 354(M) of 24/7/68).¹ The proposed grant is needed to supplement Territory revenue and obtain the total level of finance required by the Administration to achieve the basic objectives of the Development Programme. These are to increase production and exports, to foster greater indigenous participation, to stimulate private investment and to provide adequate secondary and technical education whilst restraining as much as practicable expenditure on social and administrative services.

3. The key figures for proposed government expenditure in Papua and New Guinea in 1969/70 are compared with the approximate results for 1968/69 in Attachment 'A'.² The important points to note are:

- (a) the estimate of Administration expenditure for 1969/70 (\$172M) is of the order envisaged when the five-year programme was prepared;
- (b) the proposed grant for 1969/70 (\$97M) will finance a smaller proportion (56.4%) of administration expenditure than did the grant for 1968/69 (58.7%);
- (c) total expenditure financed by the Commonwealth is expected to be a smaller proportion of total government expenditure in the Territory in 1969/70 (61.5%) than it was in 1968/69 (64.6%).

Revenue

4. The revenue estimate of \$63.8M includes \$1.5M from new measures and \$2.2M expected to result from the mining activities of C.R.A. on Bougainville.

5. A taxation consultant recommended by the I.M.F. was appointed in 1969 to assess the taxable capacity of the Territory and to suggest changes to the existing taxation system which would increase its effectiveness in the conditions that exist in Papua and New Guinea. The consultant's preliminary report has not yet been received. His recommendations are not expected to have any major effect in 1969/70.

Loans

6. In 1968/69 receipts from Territory public loans from Territory sources were approximately \$7.0M. For 1969/70 the Loan Council has agreed that the Territory Administration have access to limited private loan raising on the Australian market, subject to continuation of the present Commonwealth scrutiny both as to the amount and the terms of such borrowing. It is expected that a loan raising programme of \$10M

¹ See footnote 6, Document 210.

² Not printed.

from Territory and Australian sources can be realised in 1969/70. In addition, \$1.2M is expected from international sources (I.B.R.D. and I.D.A.).

EXPENDITURE

Functional classification

7. A functional classification of the proposed expenditure—see Attachment ‘B’³—shows an increase from 13.4% to 14.1% in the proportion allocated to the commodity-producing sector and an increase for economic overheads from 19.3% to 21.1%. The total proportion to be spent on economic activities rises from 32.7% to 35.2%; the proportion to be spent on social services declines from 34.4% to 33.5%. This trend reflects the emphasis which is given to economic development.

8. The principal elements in the proposed increase of \$23.7M in the 1969/70 Administration expenditure are set out in Attachment ‘C’.⁴ The increase of \$23.7M or 16% compares with an average annual increase of about 13% over the preceding three years. This additional expenditure is required to give effect to the Government’s policy of advancing the economic, political and social status of the people of the Territory.

Salaries and wages

9. The Development Programme provides for a net increase of 1450 overseas staff over the five years of the programme. The net gain in overseas staff in 1968/69 was about 320 compared with 300 in 1967/68. The estimates for salaries and wages increases from \$49.6M in 1968/69 to \$54.5M in 1969/70 and this includes a provision for a net gain of 430 overseas staff in 1969/70. For some time yet both the overseas and local officer components of the Public Service must continue to grow in order to progress towards policy objectives and to obtain effective administration. At the same time positive action is being taken and progress in ‘localisation’ of the Public Service is being achieved. Since 1968 overseas officers have not been recruited to positions of base grade clerk.

Administrative expenses

10. Associated with the growth in the Public Service is an increase of \$1.1M to \$10.8M in administrative expenses, i.e., duty travel, leave travel, motor transport, postal and electricity charges, printing and incidentals. This expenditure is essential for the effective working of the Public Service.

Capital works and services

11. The provision for capital works for 1969/70 is \$25.5M. Although this is as much as 20% more than was actually spent on works (\$21.25M) in 1968/69, the Territory’s works authorities consider that available works capacity can accomplish a cash expenditure of this order. In view of the urgent need for additional capital works more funds will be sought for the Works Programme if it is found that available works capacity can accomplish a cash expenditure greater than now programmed (\$25.5M).

Higher education

12. The University of Papua and New Guinea and the Institute of Higher Technical Education are still being established. In 1969/70 the provision for these institutions

3 Not printed.

4 Not printed.

is \$6.2M (\$3.8M current and \$2.4M capital) compared with \$4.7M in 1968/69. The proposed provision is in accordance with recommendations by Sir Leslie Melville who, at the Minister's request, examined the expenditure proposals of both these institutions. The provision of \$6.2M will enable both institutions to progress towards approved enrolment targets.

Telecommunications

13. There is a four-year telecommunications development programme to cost in total about \$14M. This development of telecommunications in the Territory will require an increased provision of \$1.4M in 1969/70, of which \$0.8M will be financed by a World Bank loan to the Papua and New Guinea Administration.

Development Bank

14. An amount of \$3.5M is included in the Draft Estimates for the Papua and New Guinea Development Bank—\$3M is additional capital and \$0.5M is allocated from an I.D.A. loan to the Administration for an agricultural project. This amount, together with \$1.7M on hand at 30th June, 1969, will give the Bank cash resources of \$5.2M in the 1969/70 financial year. The Bank's activities are expanding and it may require more than \$3.0M new capital in 1969/70.

15. It is proposed that in 1969/70 the arrangement approved by the Commonwealth Treasurer for 1967/68 and by Cabinet for 1968/69 should be continued—i.e., that the total call by the Territory on the Commonwealth Budget could be increased if the need of the Papua and New Guinea Development Bank for funds seems likely to exceed its resources and the Government considers it necessary to assist the Administration to make an additional contribution to the Bank's capital.

C.R.A. operations at Bougainville

16. The Draft Estimates include \$3.6M for the Administration's commitments in support of the C.R.A. operations at Bougainville. This estimate is thought to be a minimum figure, and comprises \$1.5M for capital works, \$1.4M for land purchases and \$0.7M for other expenditures. These expenditures are subject to some uncertainty because of the early stage of the C.R.A. operations.

Consideration by the Administrator's Executive Council

17. This draft Territory Budget has yet to be discussed with the Administrator's Executive Council. Final allocations within the overall amount of the expenditure estimate will need to take account of the views of the Council.

18. As decided by Cabinet on 19th July, 1967 (Decision No. 417(M)),⁵ the Commonwealth grant would be provided by the Government on the basis that in the event of the House of Assembly (on whose decision adoption of the Territory budget depends) seeking to vary the budget in a way unacceptable to the Government the amount of the grant and the arrangements for Australian aid would have to be reviewed.

Recommendation

19. In paragraphs 11, 14, 15 and 16, I have referred to some areas of uncertainty in the Papua and New Guinea expenditure estimates. As events might prove that more funds are

⁵ Document 136.

needed for these purposes, and if these funds cannot be provided from savings in other expenditures or from increased revenues or loans, there might be a need later in the year to seek an addition to the grant from the Commonwealth. So far as the Development Bank is concerned, it would be desirable to be able to restate publicly as was done last year and the year before that if the Bank needs more funds in 1969/70 the Government will consider assisting the Administration to make an additional contribution towards the Bank's capital. Subject to these comments, I recommend a grant of \$97 million to the Papua and New Guinea Administration in 1969/70, the policy basis being as decided by Cabinet in July 1967 (paragraph 18 above).⁶

[NAA: A5868, 655]

293 MINUTE, KELLOWAY TO WARWICK SMITH

Canberra, 9 July 1969

Steps in constitutional development

You directed me some time ago to prepare a paper on the steps which should be taken at our end preparatory to self-government and independence.

[*matter omitted*]

4. The general approach adopted is that preparation of Cabinet Papers should commence respectively—

- 4 years before self-government;
- 3 years before independence.

This would involve prior discussion with other Departments in many cases and it seems that preliminary consideration in this Department should commence up to 6 years before self-government. A somewhat shorter period would be necessary before independence as less questions of importance should remain to be settled.

5. At this stage the paper is only a skeleton of the problems and procedures involved and the Departments which would need to be consulted. You may think it best that it should remain in this form for the present because—

- circumstances may change in many ways before it becomes necessary to take action;
- a wide range of discussion both in DOET and with other Departments would be desirable to fill in the detail and these could start some undesirable rumours.

6. If, however, you decide that the detail should be filled out with consideration of the substantive issues involved we will try to play it in the lowest possible key and keep discussion with other Departments to a minimum.

⁶ On 24 July, Cabinet approved a grant of \$96 million for the Territory, on the basis of the decision of July 1967, and noted the possible need for an additional grant by the Commonwealth later in the year. It also agreed that the Minister make a statement as proposed (decision no. 1159 (M), NAA: A5868, 655).

Attachment

STEPS IN CONSTITUTIONAL DEVELOPMENT

This paper is an attempt to set out the steps which must be taken prior to TPNG achieving self-government and independence. As I understand the assignment, it is concerned primarily with the steps which must be taken by the Australian Government and not with developments inside the Territory which might be considered a necessary pre-requisite to viable self-government or independence.

The paper is written on the assumption that there will be two defined stages in the Territory's constitutional development, firstly self-government and secondly independence. For the purposes of the exercise, self-government is taken to mean the achievement of a government which in the terminology of the constitutional lawyers is sovereign within its powers. This means that like the Australian States or for that matter the Commonwealth itself it is supreme or sovereign in relation to a limited range of subjects. In the case of the Territory probably this range will be wider than the subjects assigned to an Australian State but the real point is not the range of subjects but the possession of unfettered power in relation to them.

The second stage, independence, may be taken to mean that P&NG will then possess most of the attributes of a state at international law. The definition, however, does not prejudice whether any special relationship between P&NG and Australia may result in the situation in which the Territory does not exercise some of these powers of statehood.

In practice it is obvious that the nature and form of self-government and of independent statehood will determine whether some of the questions discussed below arise at one stage or other or whether they arise at all. For example, a self-governing but not independent country can possess its own army as the Australian colonies did before federation. On the other hand an independent State could theoretically at least enter into arrangements with Australia which made it unnecessary for it to maintain its own defence forces. Since this paper is essentially an exercise in time limits it seems sensible to assume that self-government will involve the widest possible range of powers. This means that some of the questions considered as a prelude to self-government may not in fact need to be considered until self-government is achieved and consideration is being given to independence.

In the discussion below the figures indicate the period in years prior to self-government when the activity in question should take place e.g., '4.0–3.5' means the activity should commence 4 years before self-government and be completed 3.5 years before.

BEFORE SELF-GOVERNMENT

1. CONSTITUTIONAL

Work out a constitution acceptable to TPNG and Australia.

Problems

- mode of formulation and agreement in TPNG e.g., by referendum, constitutional convention, etc;
- whether any amendment of Australian constitution is necessary—depends on interpretation of section 122 of constitution¹ and on the nature of the self-governing State's relationship with Australia.

1 This reads: 'The Parliament may make laws for the government of any territory surrendered by any State to and accepted by the Commonwealth, or of any territory placed by the Queen under the authority of

Suggested programme

- Preparation of Cabinet paper defining limits to which government is prepared to go. 4.0–3.5
- Consideration and approval by Cabinet. 3.5–3.0
- Select Committee of House of Assembly to draft constitution. 3.0–2.0
- Presentation to and discussion and adoption by House of Assembly. 2.0–1.5
- Provisional acceptance by Australian Government (and Parliament?) 1.5–1.0
- Election in TPNG—endorsement of constitution by new House. 1.0–0.5
- Passage of necessary legislation in Commonwealth Parliament. 0.5–0.0

NOTE: This timetable will need to be extended if amendment of Commonwealth Constitution is necessary.

2. APPOINTMENTS

Although most appointments would continue some new ones will probably be necessary—as a minimum there will probably be a Governor or High Commissioner but there could conceivably be others.

Consideration of suitable appointees should begin as soon as the proposed constitution is provisionally accepted by the Australia Government—the time is therefore ...² 1.0–0.0

3. LEGAL SYSTEM

Make the necessary adjustments to the legal system.

Problems

- Powers now vested in Minister and Administrator mostly to be transferred to some authority in TPNG, say Governor-in-Council.
- In many ordinances powers divided between Minister and Administrator—these will need detailed revision as various sections would be meaningless if all powers of both were vested in Governor-in-Council.
- Australian, especially Queensland, law incorporated in Territory legal system—should be reviewed to determine if any action appropriate before self-government.
- Appeals to High Court—necessary to determine whether these should continue—perhaps in modified form.

The complexity of these questions makes it undesirable and perhaps in some cases impossible that they should be handled primarily by a Select Committee or Constitutional Convention.

Suggested programme

- Expert Committee on legal implications of self-government to prepare report, working in conjunction with Select Committee. 3.0–2.0
- Interim report—principles only—to be considered by House of Assembly. 2.0–1.5
- Provisional acceptance by Australian Government. 1.5–1.0

and accepted by the Commonwealth, or otherwise acquired by the Commonwealth, and may allow the representation of such territory in either House of the Parliament to the extent and on the terms which it thinks fit' (*Commonwealth parliamentary handbook 1968*, Canberra, 1968, p. 618).

2 Ellipsis in original.

- Expert Committee to prepare statute law revision ordinance. 1.5–0.5
- Passage of statute law revision ordinance by House of Assembly and perhaps Commonwealth Parliament in conjunction with constitution. 0.5–0.0

4. COMMONWEALTH DEPARTMENTS

A decision needs to be taken on the future of the Commonwealth Departments and instrumentalities now operating in the Territory.

Problems

- In addition to Defence departments, Commonwealth and Reserve Banks and TAA (which are dealt with below) these are—
 - Audit
 - Civil Aviation
 - Met. Bureau
 - National Development
 - Works
 - A.B.C.
 - O.T.C.
 - C.S.I.R.O.³
 - P.S.B.⁴
- The nature and form of self-government adopted will have a substantial influence on whether these Commonwealth organisations continue operating in the Territory.
- The Departments etc., concerned should be consulted well in advance of the constitutional drafting stage so that their views can be taken into account.

Suggested programme

- Some functions should probably be transferred to Administration well before self-government.
- It is most desirable to build up a strong tradition of audit within the Administration. Examination of the possibility of setting up a TPNG Audit Office should commence *immediately*.
- The position in relation to DCA will also come under examination as a result of the UNDP Transport Survey.⁵
- DOET should work out its position on remaining departments. 6.0–5.0
- Discussion with departments prior to preparation of Cabinet Paper. 5.0–4.0

5. AUSTRALIAN GOVERNMENT ASSETS

Depending on the outcome of 4 above some Australian Government aspects may need to be transferred to the PNG Government.

³ Commonwealth Scientific and Industrial Research Organisation.

⁴ Public Service Board.

⁵ See editorial note 'The World Bank mission, 1967' and Document 187.

Problems

- Determination of assets to be transferred.
- Question of payment, especially where statutory authorities involved e.g., A.B.C.
- Legal provisions involved.

Suggested programme

- Assets to be transferred to be determined and question of payment settled in conjunction with 4 above. 6.0–4.0
- Legal provisions necessary to be considered by Expert Committee (3 above). 3.0–2.0

6. AUSTRALIAN PRIVATE ASSETS

To protect Australian investments after self-government and to prevent any panic repatriation of capital.

Problems

- Select among alternative means of providing security e.g., by guarantee, agreement with PNG etc.
- Provide effective scheme without suggesting likelihood of it being necessary.
- Provide effective scheme without unreasonable liability on Commonwealth.

Whatever scheme is adopted should be announced as early as possible to prevent a slackening of investment during the period when the constitution is under consideration.

Suggested programme

- Consideration of alternative in Department. 4.5–4.0
- If Australian guarantee desired, consult Treasury etc., and prepare Cabinet Paper. 4.0–3.5
- If provision in Territory constitution desired include in Cabinet Paper under 1 above. 4.0–3.5

7. CITIZENSHIP AND MIGRATION

To define the citizenship of inhabitants of the Territory and migration rights between Australia and the Territory.

Problems

- Satisfactory definition of the citizenship of indigenous inhabitants.
- Terminate invidious distinction between Papuans and New Guineans.
- Australians permanently resident in the Territory.
- Persons born in the Territory of Australian parents.
- Control over government of Australians into PNG—vested in government of PNG (?)⁶

Suggested programme

- Consultation with Department of Immigration. 5.0–4.0

⁶ The meaning of this sentence is unclear.

- Incorporation of results in Cabinet Paper under 1 above. 4.0–3.5

8. PUBLIC SERVICE

To ensure the continuation of a viable service in the self-governing state and to protect the rights of Australians in the PNG Service.

Problems

- Self-government must mean full control of public service.
- Unless satisfactory means are found to protect rights of Australian public servants there may be exodus of valuable staff.

It is possible that this problem may have been largely solved in advance by the creation of an Australian overseas service. If this has not been done—

Suggested programme

- Department to work out position and perhaps obtain Cabinet approval to broad outlines. 5.5–5.0
- Discussion with A.E.C. and P.S.A. and formulation, if possible, of agreed proposal. 5.0–4.0
- Incorporation of results in Cabinet Paper under 1 above. 4.0–3.5

9. FINANCE

To devise suitable financial arrangements for self-government.

Problems

- If PNG still heavily dependent on Australia[n] grant may seek some assurance of its continuation.
- Australian Government probably unwilling to tie its hands in this way.

Suggested programme

- Departmental working paper. 5.0–4.5
- Discussion with Treasury. 4.5–4.0
- Incorporation of results in Cabinet Paper. 4.0–3.5

10. RECORDS

To transfer to Australian custody records which are and should remain Australian property.

Problems

- To identify appropriate records.
- To organise separation and eventual return to Australia.

Suggested programme

- Work on physical separation of these records[;] already begun (file 67/7927).
- This should continue.
- Records should be returned to Australia over period ...⁷ 5.0–0.0

⁷ Ellipsis in original.

11. MISSIONS

Missions may request some entrenched protection of their rights, especially right of entry for mission personnel.

Problems

- Any entrenchment may be considered infringement of right of self-governing state.

Suggested programme

- Departmental examination of position. 5.5–5.0
- Discussion with Mission representatives. 5.0–4.0
- Possible incorporation in Cabinet Paper. 4.0–3.5

12. CURRENCY AND BANKING

To determine whether PNG remains part of the Australian currency and banking system.

Problems

- Use of Australian currency.
- Application of Australian banking legislation.

Suggested programme

- Study in Department. 5.5–5.0
- Discussions with Treasury, Reserve Bank, perhaps Commonwealth Bank.
- Incorporation in Cabinet Paper.

13. TRADE

To determine whether self-government indicates any change in existing provisions governing trade between PNG and Australia.

Problems

- Self-government probably means PNG has power to determine own tariff structure.
- Need to determine whether this involves any change in Australian trade arrangements.

Suggested programme

- Study in Department. 5.0–4.5
- Discussion with Trade Department. 4.5–4.0
- Incorporation in Cabinet Paper. 4.0–3.5

14. DEFENCE

To determine whether PNG should assume responsibility for own defence forces.

Problems

- Self-governing state, especially if obviously headed for independence, may wish to control own defence forces.
- Complication could arise in regard to disposition of this force while Australia remains responsible for PNG foreign relations.

- Right of Australian Government to station forces in PNG must be preserved while Australia responsible for defence.
- PNG Government may wish to have some voice in relation to facilities for, and rights of, these forces.
- Implications for defence of Australia.

Suggested programme

- Consideration in Department. 6.0–5.0
- Consideration by inter-departmental committee (DOET, Defence departments, External Affairs). 5.0–4.0
- Incorporation of results in Cabinet Paper. 4.0–3.5

15. BORDERS

To achieve adequate demarcation and full ratification of the borders before self-government.

Problems

- West Irian border—better demarcation; ratification.
- Australian border—possible alteration in Torres Strait.
- Both questions more difficult to handle after self-government.

Suggested programme

- Likely to be very long, drawn out.
- Efforts should be made to press both questions to conclusion as soon as possible.

16. AIRLINES

To settle control of air services and facilities and ownership of airlines.

Problems

- DCA—see 4 above.
- Whether self-governing PNG should/would allow TAA and ANA⁸ to operate on present basis.
- This could conceivably involve the future ownership of TAA assets in PNG.

Suggested programme

- Will be affected by results of UNDP Transport Survey recommendation.
- Consideration in Department. 6.0–5.5
- Discussion with DCA. 5.5–5.0
- Discussion with TAA and ANA. 5.0–4.0
- Incorporation of results in Cabinet Paper. 4.0–3.5

17. UNITED NATIONS

To ensure that the form of self-government is consistent with Australia's obligations under the Trusteeship Agreement or else that the Agreement is discharged.

⁸ Australian National Airways—by this time known formally as Ansett-ANA.

Problems

- Australia has certain obligations under Agreement e.g., to guarantee freedom of speech, assembly etc.
- Self-government may mean that full power in these areas passes to PNG Government while Australia remains responsible under Agreement.
- Problems could be solved if Agreement discharged at self-government but U.N. probably unwilling to do this before independence.

Suggested programme

- Consideration in Department and discussion with External Affairs. 5.0–4.0
- Incorporation of results in Cabinet Paper.
- Consideration by Cabinet. 3.5–3.0
- Some approach for variation of Agreement may be necessary.

BEFORE INDEPENDENCE

The number of matters which must be dealt with before independence will depend very largely on the nature and form of self-government which has been adopted and the extent to which the problems raised above have been settled before self-government.

Matters which will certainly require consideration are—

- Constitutional
- Defence
- External Affairs
- United Nations
- Commonwealth of Nations

These are dealt with below. In addition, a number of other topics may require consideration if they have not been fully settled before self-government. Some or all of the following are likely to be outstanding viz—

- Commonwealth Departments
- Australian Government Assets
- Citizenship and Migration
- Currency and Banking
- Trade
- Borders
- Airlines

Those outstanding will require consideration along the lines already set out. The timetable for this consideration should be adjusted so that consideration required before the preparation of the major Cabinet Paper is completed 3 years before the anticipated date of independence.

1. CONSTITUTIONAL

Legal machinery for achieving independence.

Problems

- mode of formulation and agreement in PNG;
- whether any continuing association between PNG and Australia desired by either party.

Suggested programme

- Cabinet Paper defining Australian approach. 3.0–2.0
- Discussion and agreement with PNG Government. 2.0–1.0
- Drafting of constitution (or removal of limitations in existing constitution). 1.0–0.5
- Passage of legislation. 0.5–0.0

2. DEFENCE

Defence relations between Australia and independent PNG.

Problems

- Whether any special defence arrangement desired and if so details;
- Nature of arrangement e.g., agreement before or after independence.

Suggested programme

- Inter-departmental committee. 4.0–3.0
- Incorporation in Cabinet Paper. 3.0–2.0
- Discussion with PNG Government. 2.0–1.0

3. EXTERNAL AFFAIRS

Whether Australia retains any special relationship with PNG in this field.

Problems

- Obligations of independent PNG under existing treaties and conventions.
- Australian assistance in conduct of external relations.
- Whether any treaty should be negotiated in conjunction with independence.

Suggested programme

- Discussion with External Affairs. 4.0–3.0
- Incorporation in Cabinet Paper. 3.0–2.0
- Discussion with PNG Government. 2.0–1.0
- Preparation of statement accepting and defining obligations under existing treaties. 1.0–0.5

4. UNITED NATIONS

Termination of Trusteeship Agreement and sponsorship of PNG membership in U.N.

Problems

- No problems likely if independence involves complete separation from Australia.
- May be difficulties at U.N. if any form of continuing association with Australia.

Suggested programme

- Declaration at Trusteeship Council by PNG head of government that arrangements for independence satisfactory. 0.5–0.0
- Trusteeship Council sponsors resolution in General Assembly terminating Trusteeship Agreement. 0.5–0.0

5. COMMONWEALTH OF NATIONS

To arrange membership in Commonwealth of Nations for independent PNG.

Problems

- Machinery only.

Suggested programme

- Discussion with PNG Government. 1.0–0.5
- Application to Commonwealth Secretariat ...⁹ after independence.

[NAA: A452, 1970/460]

294 LETTER, LYNCH¹ TO BARNES

Canberra, 14 July 1969

I refer to your letter of 18 June regarding my proposal to increase the strength of the PIR.²

I must confess to some surprise at the views expressed therein, as they are at variance with my understanding of the background to this matter.

The gradual increase from 2,000 odd in early 1967 to 2,460 by September 1968 was in conformity with the announcement by the Prime Minister in November 1964 that the PIR would be increased to three battalions and supporting units with a total strength approaching 3,500 by June 1968. I might add that this progress towards meeting the Government's requirements, slow and limited though it was, nevertheless represented considerable effort at a time when National Service and Vietnam commitments were putting heavy strains on the Army.

It should also be noted that the discussions which preceded the Prime Minister's announcement envisaged the 3,500 being ultimately PIs,³ although the Prime Minister himself did not specify that. The 1966 Defence Review presented to Parliament by the Minister for Defence stated:

'Present planning is for the build-up in Papua and New Guinea of the Pacific Islands Regiment to three battalions, with supporting units. This would give a total Pacific Islander strength of approximately 3,600 by the end of 1968.'

⁹ Ellipsis in original.

¹ P.R. Lynch.

² Document 287.

³ That is, Pacific Islanders.

I am not aware of any recommendation by the Defence Committee 'for an increase of about 15 percent' (ie to 2,850 by June 1969). The whole tenor of that part of the Defence Committee's minute⁴ was that:

- a. It recognised that, whereas the Prime Minister's announcement required 3,500 by June 1968, the Army had only been able to raise 2,500 PIs;
- b. Nevertheless, the Army should try to reach a strength of 2,850 PIs by June 1969 and be prepared for rapid expansion if the review or other circumstances required it;
- c. Because of the difficulties in raising a third battalion and the desirability of a review of 'the defence forces' generally, 'no final decision should be taken at this stage on the three battalion concept'.

The Committee concluded its Minute No 42/1968⁵ by saying:

- 'b. While the strength proposed fails to satisfy the Prime Minister's announcement of November 1964 as to number of battalions and target date, a force of the strength mentioned is about the minimum that would present any sort of credible appearance in relation to the tasks facing the PIR.
- c. Having regard to plans already announced for the PIR and other considerations, any decision not to proceed in accordance with our stated policy would not be in the best interests of Australia in its relations with the U.S.A. and countries in South East Asia.'

In any case, I am not aware that the Defence Committee's minute was considered by Cabinet at all. Indeed, my impression is that the Department of Defence did not deem it necessary to submit the paper to Cabinet as the changes from previous decisions were relatively minor.

Cabinet did consider on 18 September 1968 Submission No 274 from the Department of External Territories.⁶ Unfortunately, that Submission was not only based mainly on alleged disaffection and consequent doubts about the future stability of the Force but it also quoted out of context one small section only of the Defence Committee minute. Based on that Submission No 274, it is true that Cabinet in Decision 541 inter alia 'agreed that it would be a reasonable course to hold the strength of the PIR at approximately the present level ...'.⁷ I believe, however, that Cabinet was mainly concerned with the major point in the previous announcement by the Prime Minister, namely the raising of the third battalion and supporting units. Indeed the Cabinet Decision is prefaced by the statement that 'Cabinet agreed to the need for revision of the 1963 programme for expansion of the PIR to three battalions plus supporting units'; presumably to emphasise this point, the Decision 'specially noted that it was not ruling out such marginal increases in numbers in the meantime as would serve operational efficiency ...'.

From the foregoing, it seems to me that two pertinent points emerge. Firstly, Cabinet dealt only with the PIR, whereas 121 of the 240 increase I have proposed are for the Army generally in TPNG and not for the PIR. Secondly, until receipt of your letter, I was

4 See Document 190.

5 Document 190.

6 The submission is Document 216; the decision, Document 222.

7 Ellipses in this document are in the original.

unaware of any objections to completing the organisation of the second battalion of the PIR (the remaining 119 of my proposed increase).

I strongly support the view that the type of Force required in TPNG might well be a unified one and need not necessarily conform to the Australian pattern. The Army is planning on that basis. However, I am sure that the proposals I made in my letter of 29 May⁸ would not be affected by any overall review of the Force, which the Defence Committee minute and the Cabinet Decision make clear would be mainly concerned with the Defence Forces generally.

It would be a pity, therefore, if the implementation of my proposals had to await the conclusion of such a review, which is bound to be lengthy. The effect would be to slow down the indigenisation of the Force, continue with limitations to our patrol programme and prevent remedial action in other areas where deficiencies have become apparent. I trust that the foregoing satisfactorily answers the points you have raised in your letter and would appreciate your earliest concurrence to our proposals.

I have sent a copy of this letter to our colleague, the Minister for Defence.⁹ I also enclose a copy of my Department's reply to a related query from the Department of Defence.¹⁰

[NAA: A452, 1968/4163]

295 LETTER, HAY TO BARNES

Port Moresby, 20 July 1969

CONFIDENTIAL

Discussions on constitutional matters between officials of the Administration and the Department are to take place shortly.¹ The fact that these matters will shortly come before you prompts me to write direct to you and urge that the decisions on them be taken against the background of the need for a strong central government in order to develop the Territory economically and maintain its unity after self-government.

Measures already taken (for example on local officer salaries and on land matters) and others which need to be taken (for example on internal revenue) are bound to arouse strong and outspoken, if not widespread, opposition. They will tend to strengthen the centrifugal forces already at work. They will provide causes for the local demagogue of a kind already emerging in Bougainville (Lapun) and the Gazelle (Tammur and others). They could lead to organized resistance which will require firmness (including the use of the police in certain cases) on the part of the government.

While Australia remains responsible for administering the Territory, these problems should be manageable, though much will depend on effective presentation and the continuance of good relations between the Administration and the House of Assembly,

⁸ See footnote 2, Document 287.

⁹ Allen Fairhall.

¹⁰ See footnote 4, Document 287.

¹ See Document 284.

and increasing involvement of Papuans and New Guineans in the processes of government. But the situation could well be much more difficult for the first Territory government after self-government has been attained. It is this situation which I have in mind when thinking of constitutional changes. A future government will need to be endowed with (a) the constitutional authority; (b) the governmental machinery, including information services; and (c) the armed force (police and army) to govern effectively and hold the Territory together. The government is already attending to the two latter factors. It is important that constitutional developments move in parallel.

To this end, I hope that certain general principles can be observed:

- (a) a strong leadership group to be encouraged;
- (b) the executive not to be too limited;
- (c) a unitary rather than a federal form of government;
- (d) checks on initiative of legislature in matters of legislation and finance;
- (e) the powers of local and municipal governing bodies be carefully limited and defined;
- (f) maximum delegation to Districts consistent with above.

There are clearly many ways in which, constitutionally, the above mentioned principles can be put into effect and I do not address myself to them in this letter beyond suggesting that there may be merit in encouraging some constitutional experiment during the period when Australia retains the ultimate legal authority.

If the above mentioned principles commend themselves their public presentation will require expert handling. Otherwise, criticism can be expected from some Members of the House of Assembly, academics and the press who are for various reasons against strong central government. Such criticism could well take the line that the government's attitude is designed to strengthen the Australian (or official) hand against the Papuan and New Guinean hand in the period, which could be a lengthy one, before self-government.

There are many things which can be done to forestall criticism of this kind, through the encouragement of local government, through greater delegation of decision-making to districts, through greater emphasis on small scale rural development, by means of maintaining close consultative relations between the Administration and the House.

But perhaps the most effective action that can be taken is to bring about, through the Official Members, a situation in which the main principles are associated with the Committee rather than with the government or the Official Members. The authority and acceptability of the Committee's recommendations will much depend upon the degree to which the Elected Members personally espouse them.

I am sending a copy of this letter to the Secretary of the Department.²

[NAA: A452, 1969/3605]

2 In marginalia of 31 July, Warwick Smith wrote to Ballard: 'Brief action only for Minister—to say he'll take into account?'.

296 SUBMISSION, BESLEY TO BARNES

Canberra, 21 July 1969

SECRET

PNG border contingency planning*[matter omitted]*¹

ADMINISTRATION'S BORDER CONTINGENCY PLAN

5. *Basis of the plan ...*²

- based on existing channels of control from Administrator's Department to district headquarters and sub-districts;
- assumes a context of a border shared by two friendly powers between whom satisfactory liaison arrangements would be made;
- responsibility for planning and decisions in the event of emergency to rest with Secretary, Department of the Administrator, within approved Administration policy and instructions, referring to Administrator as necessary;
- small-scale local situations to be handled by officers in charge of border posts; larger-scale emergencies to be the responsibility of district commissioners; Secretary, Administrator's Department to arrange additional resources (including, where necessary, logistic resources from other Commonwealth authorities) where, in an emergency, district resources are inadequate;
- continuous liaison with armed services at all stages, but, in the event of use of armed services being authorised, executive action within prescribed limits to be determined by Administrator in conjunction with senior officers of the Services.

6. *Emergencies envisaged ...**Types of border crossers ...**Likely areas to be affected ...*

- These sections indicate the various types of situation that could arise from crossing by different-sized groups and varying combinations of West Irianese nationalists (armed or unarmed); village supporters and villagers, in some cases associated with crossings by Indonesian troops or armed police.
- Areas most likely to be affected considered to be Wutung, Pagei, Imonda and Weam, Kiunga and Lake Murray—maximum crossings in West Sepik District estimated at 2,000; and in Western District, 1,000.

7. *Objectives of plan ...*

In summary, the objectives are:

¹ Matter omitted outlines action taken following the interdepartmental meeting of August 1968 (Document 219). An Administration border contingency plan was made with the assistance of Territories and Defence. Defence thereafter provided a support plan, Plan Paxton—and comments on both Paxton and the Administration's plan were made by the Chiefs of Staff. The Minister for Defence endorsed Plan Paxton 'as a basis for further detailed planning by the Commander, PNG Command for military assistance to the Administration should this be required'.

² Ellipses in headings omit references to paragraphs in the two plans.

- (i) to protect the lives and property of the people of the Territory;
- (ii) to succour unarmed border crossers and facilitate their return to West Irian or process permissive residents applications if sought;
- (iii) to disarm armed border crossers;
- (iv) to persuade police and military border crossers to return to West Irian immediately.

8. *Mode of obtaining objectives ...*

This section outlines ways of handling different types of border crossers. Significant points are:

- WEST IRIANESE NATIONALISTS AND VILLAGE SUPPORTERS ...

If armed, to be disarmed and weapons to be returned at border—if they agree to go back to West Irian; contact to be maintained pending arrival of reinforcements if strength beyond capacity of local force to cope; those seeking permissive residence to be dealt with in accordance with existing policy directives.

- INCURSIONS BY VILLAGERS ...

To be succoured and returned to West Irian as soon as practicable.

- ARMED INDONESIAN POLICE AND/OR TROOPS ...

To be informed they are on Australian Territory and must immediately return to West Irian; except for protection of Territory residents not normally to be engaged with fire or disarmed by force, but contact to be kept pending liaison with Djajapura and police reinforcements, if necessary.

9. *Alert situation action plan ...*

- This section describes the system of coloured alerts rising from 'Yellow' (a situation which could normally be handled by border station resources) through 'Amber' and 'Red' to 'Red Plus' (a situation requiring Commonwealth assistance to the Administration, possibly including military assistance). The alerts are thus phased to correspond with situations of increasing degrees of seriousness, either at individual posts or in a district as a whole or over the whole border area. Alerts may be declared by station commanders, district commissioners or the Secretary, Department of the Administrator, or, in the case of a 'Red Plus', by the Administrator, and may be based either on the actual situation in the area concerned or on probable developments as assessed from intelligence information.

10. *Phased action plan ...*

- This section describes the kinds of situation that would be associated with different types of colour alert, the Command position in each case and the action that should be taken at the various administrative levels.

- Particular attention is drawn to ... the action to be taken by the Administrator and designated officers (in accordance with your approval dated 29.5.69) in informing the Department of an emergency situation beyond the Administration's capacity to handle and requesting Commonwealth assistance.

- Provision is made for liaison with PNG Command at all stages and for this Department and the chairman of the Joint Intelligence Committee, Canberra, to be kept continuously informed of developments.

11. *Remaining sections of plan ...*

[*matter omitted*]³

PLAN PAXTON

13. ... Plan PAXTON is an outline plan only, to provide a formal basis for further planning by the Commander, PNG Command (who is designated 'Commander, Joint Forces (Designate)' under the Plan) for the provision of military assistance to the Administration, should such assistance be authorised by the Government, in connection with emergencies arising from the Act of Free Choice in West Irian. (It is understood that planning by the Commander, PNG Command, has been proceeding simultaneously with the production of Plan PAXTON.)⁴

14. Pages 2 to 7 of Plan PAXTON summarise or reproduce various sections of the Administration plan which are outlined at paragraphs 5 to 10 above. Pages 7 and 8 summarise the 'friendly forces'—D.D.A. and police reserves, Navy, Army and Air Force—which are available in the Territory. Page 8 (para. 3) to page 13 relate to the execution of the Plan and provide that, apart from such logistic and communications assistance as can be provided under existing single service command arrangements, no military assistance is to be given until a request from the Administration has been received by this Department and a governmental decision to use Service resources has been made, upon which the Chiefs of Staff would authorise implementation of the Plan ...

15. Sub-paragraph (e.), pages 10 to 12, lays down the action to be taken in dealing with border crossers, in which Commanders of such PIR patrols as may be deployed are to be guided by the terms set out in the Administration's plan regarding action to be taken by its own patrols. Other points to be noted are—

- need for close military/civil liaison
- border crossers to be handed over, as soon as possible, to the Administration for processing
- if practicable, an Administration official to accompany each PIR patrol and to be embarked in each patrol boat
- minimum force principle to be observed at all times
- military commander on-the-spot is responsible for action by his forces which must be limited to such action as he reasonably believes necessary to achieve his immediate aim. If he must reply to fire, no more ammunition to be used than is necessary to stabilise the position
- patrols not to move out of Australian territory and aircraft not to violate West Irian air-space

3 The remaining sections of the plan covered Administration manpower availability; reserve police; communications; stores, supplies, accommodation and transport; health; interpretation; security containers and ciphers; reporting; district plans; and liaison with the armed services.

4 On Warwick Smith's request, Legge asked Defence what would be required to bring Plan Paxton into operation. Poyser said 'there would be no need for [a] call-out as it would be a case of incursions by foreign nationals and not of "domestic violence"'. However, 'a collective Ministerial decision would be necessary. It would be for the Prime Minister to decide whether or not the decision should be made by a committee of ministers, for example, Prime Minister, Defence, External Affairs and External Territories, instead of by Cabinet' (minute, Legge to Warwick Smith, 22 July 1969, NAA: A452, 1969/3433). In a marginal note of 25 July, Warwick Smith responded: 'I don't accept this. Pls discuss'.

- naval officers commanding H.M.A.⁵ ships to request Indonesian or West Irian vessels found in Australian territorial waters to depart unless permissive residence is sought by a West Irianese vessel, in which case it is to be escorted to nearest TPNG port. Boarding party may be employed but as little force as necessary used so as to avoid loss of life or damage to vessel
- not envisaged that military commanders (either Army or Navy) will initiate any exchange of fire

CHIEFS OF STAFF MINUTE

16. Apart from endorsing Plan PAXTON and other preparatory action flowing from the Plan, the Chiefs of Staff minute—

- proposed that, should military assistance to the Administration be authorised by the Government, civil/military coordination should be effected through the PNG Security Executive Committee ...
- underlines ... the importance of timely and accurate intelligence to the Chiefs of Staff themselves, to Joint Force and to Service Commanders both prior to and during implementation of Plan PAXTON; and recommends that Chairman, J.I.C. consult with Chairman, T.I.C. to ensure that arrangements for the provision of intelligence are adequate ...
- corrects ... a reference ... [in] Administration plan to elements of the armed forces being placed on six hours' notice by the Secretary, Department of the Administrator (who would not, of course, have authority to do this)

PNG SECURITY EXECUTIVE COMMITTEE

[*matter omitted*]⁶

19. Organization of the PNG Security Executive Committee was modelled on the committee which it was planned to bring into operation in 1964 if civil/military operations had become necessary to deal with covert Indonesian aggression.

BORDER INTELLIGENCE ARRANGEMENTS

20. Following discussion in Canberra last week between the Chairman (J.I.C.),⁷ the Chairman (T.I.C.)⁸ (who is an Assistant Secretary in the Department of the Administrator) and an officer of this Department, it was agreed that until approximately the end of the third week in August a daily border situation report would be sent by signal by the Chairman (T.I.C.) to the Chairman (J.I.C.) and this Department summarising all relevant information available from all sources. These reports would be disseminated within the defence community by the Joint Intelligence Committee. In the event of any serious developments on the border such as further armed Indonesian intrusions, the daily

5 Her Majesty's Australian.

6 Matter omitted outlines the membership of the committee, which was established in 1968 as the body which would deal with internal security situations that might involve requests for military aid to the civil power. The committee consisted of the Administrator, Assistant Administrator (Services), Commissioner of Police, Director DDA, Chairman of the TIC and the Force Commander or his deputy. An Internal Security Committee, whose chairman was also on the Executive Committee, was responsible to the latter for 'research, advice and executive action'.

7 N.F. Parkinson.

8 B.B. Hayes.

SITREP would be supplemented by emergency ad hoc reports and assessments from the Territory Intelligence Committee.

RETURN OF ARMS TO WEST IRIANESE NATIONALISTS

21. At para. 8 above, it is pointed out that ... the Administration's plan provides for weapons confiscated from West Irianese nationalists and their village supporters to be handed back at the border if they agree to return to West Irian. This provision has been repeated in Plan PAXTON and has since been commented on by the Department of External Affairs in the following terms in a letter to the Department of Defence copied to this Department:

'We appreciate the importance of border crossers being disarmed. However, we have reservations about arms being returned to individual West Irianese because of the possibility of their being used against the Administration of West Irian. We would not like to see the situation develop where West Irianese engaged in guerilla-type activity against the Indonesians use TPNG both as a haven and as a base from which to return to the attack.

The same objection does not apply, of course, to the return of arms to regular military or police personnel.

We would be pleased to learn whether the plan could be amended to take account of this point.'

This aspect has been referred back to the Administrator for further consideration and will be the subject of a separate submission to you when his reply has been received.

RECOMMENDATION

22. It is recommended that:

(a) you approve the Administration's Border Contingency Plan ... in principle subject to a separate submission being made to you regarding the provision for the return of arms to West Irianese border crossers ...

(b) that you note Plan PAXTON and covering Chiefs of Staff Minute ...

(c) that you approve the Chiefs of Staff Committee's proposal that, in the event of armed services assistance to the Administration being approved by the Government, civil/military coordination be effected through the PNG Security Executive Committee ...⁹

[NAA: A452, 1969/3433]

9 Besley discussed the submission with Barnes and recorded that '[1] The Minister approved the plan and in doing so endorsed the view taken by External Affairs that arms should not be returned to West Irianese when they have been escorted back to the border. In connection with this the Administration's view was fairly evenly divided with only a slight balance of opinion in favour of a return of arms—the plan could well have been framed the other way. [2] The Minister considered the pros and cons of referring the question of the return of arms to the A.E.C. but finally decided it would not be prudent to do so since in his view the Council would be likely to make a rather emotional decision. In any case he considers this properly a matter concerning external relations which constitutionally belongs to the Australian Government. [3] The Minister did however see some merit in the A.E.C. being informed in a general way of the concept of the plan but was conscious of the fact that to do so might raise security questions in which event he would not want to press the issue. He left it on the basis that the Department and the Administration would take a look at the possibility and see what if anything might be explained to the A.E.C. [4] My own view is that a general descriptive run down of the Administration's plan but not Plan Paxton should be given to the Council and subject to any views which you may have I consider it would be appropriate to suggest this to the Administration leaving to them the final decision of what they actually tell the Council' (minute, Besley to Warwick Smith, 21 July 1969, NAA: A452, 1969/3433).

297 CABLEGRAM, JOCKEL TO DEA

Djakarta, 22 July 1969

1960. SECRET PRIORITY

Reference my telegram 1953.¹

Visit to West Irian

This telegram describes the pattern of relationships and co-operation which, if we want it, could develop between Indonesia and Australia in respect of New Guinea. If I go back to Biak and Djajapura I should be glad to have any reactions, however preliminary, that you can give me in the next week.

2. Liaison offices or consulates in Djajapura and Port Moresby

This is still premature. There is not enough work to be done. Easy and flexible contacts can be developed without these offices. We cannot be sure that individual Indonesian officers permanently stationed in Port Moresby would not be meddlesome. An Australian office in Djajapura might become a focus for discontented Papuans including those wanting to go to T.P.N.G.

3. Border controls

This is developing adequately.² A framework for getting the border observed and for communications has been established. (Incidentally, our action in sending West Irianese weapons back to the Indonesian border posts has made quite an impression.) There is perhaps a tendency now in Canberra and Port Moresby to think of tidying up and strengthening border procedures against illegal border crossings. My own view is that we should not rush quickly towards sealing off the two territories. There will still be genuine political escapes³ and some of the more vigorous, articulate Papuans who are now mainly economic refugees could turn into anti-Indonesian activists in the future. There could be a case for being a little more permissive in the aftermath of the Act of Free Choice. We should see how things go for a few months, also taking into account the feelings of our own Papuans.

4. Contacts, exchanges and technical assistance

Malik has talked to me about contacts between the universities. I have warned him about risks of exposing West Irianese students to the atmosphere likely to be found among the staff and students on our side. I said it would be unwise to encourage student fraternization, seminars on

1 21 July. It reported Jockel's impressions of a visit to West Irian (NAA: A452, 1969/3009).

2 Following the Webb visit of 10–13 June (see Document 285), a second visit was made to Djajapura on 8 and 9 July. The meeting was devoted largely to a review of administrative arrangements made at the first meeting, though notably the Indonesians asked if officials at border posts could visit each other without requesting permission from headquarters. On the Australian side, Webb requested that the Indonesians 'ensure that officers at their border posts were instructed not to discuss the return of West Irianese who had crossed the border. Treatment of refugees was an internal matter and solely the responsibility of the T.P.N.G. authorities' (submission, Galvin to Barnes, 1 August 1969, NAA: A452, 1969/3330). (Commenting on the meetings, J.M.C. Watson told DOET that the Indonesians were 'motivated by *security*, first and foremost, and are only thinking from week to week' (minute, C.M. Goode (Senior Research Officer, International Relations Section, DOET) to Warwick Smith, 16 July 1969, *ibid.*.) Liaison had also occurred at lower levels, including a meeting on 2 July at Sotar in the south, where weapons taken by Irianese from Indonesian patrols were returned. At the same meeting, Indonesian officials had asked to accompany patrols in Papua which were searching for Irianese. This was denied (submission, Besley to Barnes, 25 July 1969, *ibid.*).

3 This should perhaps read 'escapees'.

broad political subjects etc. Boediardjo⁴ also spoke to me about cultural and sporting exchanges and I told him too that this could expose the West Irianese to questionable contacts.

5. There is much scope for practical contacts between officials and professional people along the following lines:

(a) The better type of Indonesian could come over at our expense and move among his counterparts. There are some good types now who could mix easily including English-speaking Catholics and Protestants. For instance the present judge in Djajapura might be interested to study how we handle the problems of formal law and native custom. Indonesian doctors would be interested in discussing the sort of health problems existing in New Guinea.

(b) We could make our special New Guinea skills available to the Indonesian administration by offering access to our research institutions on soils, plants etc. Also we could permit our experts to make short-term visits to have a look around and give practical advice.

(c) A novel and formidable problem for Indonesia is contact and development in the highlands. Our pattern of intensive patrolling and the rapid opening up of the country to commercial life is simply not possible. The problem for the Indonesians is how to hold the situation in a fairly static way but with some impact of change. There may be cheap means of furnishing medical help and cheap means of improving the people's livelihood. For example, there are virtually no animals in the highlands and there is a scarcity of salt. Some of our veterans might have practical knowledge which could be applied in these circumstances.

(d) Technical assistance, perhaps mixed with the furnishing of supplies and equipment, could be given in fields where T.P.N.G. has a clear interest in improved standards on the other side of the border, e.g. health control measures, veterinary and plant control, disease control measures, etc.

6. At this stage these things could develop piecemeal without too much bureaucracy and without a formal agreement on co-operation. The main requirements are that a few intelligent people give their minds to what can be done and that the T.P.N.G. administration have the funds.

7. *Economic development and stability*

The dimensions of the problem may not be as big as perhaps we think. The situation is in no way comparable to our side where we are laying foundations which could support an independent state and where there are great problems associated with rapid social change, the presence of a wealthy expatriate community, etc. On the other hand, West Irian has to be integrated into a low-level but viable South East Asian social and economic system. This is not to minimise the problems of comparison but rather to bring in other perspectives.

[matter omitted]⁵

11. We should need to kill from the outset any great expectation. A senior member of the P.N.I.⁶ said to me in West Irian that it would be necessary for the two areas of New Guinea

4 Indonesian Minister of Information.

5 Matter omitted is a discussion of the economic challenges facing West Irian. Jockel believed other countries needed to assist in meeting them.

6 Partai Nasional Indonesia—Indonesian National Party.

to keep in balance in their development in the future. I explained that this was impossible to which the reply was 'then you must help us'. This attitude of mind can be modified through intelligent discussion, but only provided we are prepared to do something. This could be a contribution of five million dollars a year to FUNDWI.⁷ It would be difficult to explain that we contribute well over one hundred million dollars to bring T.P.N.G. to independence but [are] not prepared to make a special effort to assist Indonesia in the orderly integration of West Irian. The other risk is that West Irian might go sour and the more we were involved the more ill-will will be generated. The pattern of activity sketched above however is designed to avoid over-involvement.

12. A special contribution to West Irian could no doubt be counted for I.G.G.I.⁸ purposes. The pattern of association is a mixture of good will, transfer of special New Guinea skills, and some economic assistance. The policy considerations are obvious. We now have a big opportunity of putting substance into a good neighbour policy in New Guinea. We can work to create an atmosphere of co-operation and mutual interest between Canberra and Djakarta which will be important as political tension and problems grow in T.P.N.G. We want to avoid West Irian becoming a chronic internal security problem for Indonesia and add to Indonesia's burdens as well as having an unsettling effect on our side. The spending of a few million dollars on West Irian should be looked at in the context of the level of expenditure we are now incurring in our defence and security policies in other parts of South East Asia, and, also, in the context of the valuable role that Indonesia is now performing with its neighbours. If we are now fully stretched this question is important enough for an examination of priorities. We would gain considerable good-will if in the course of the proceedings of the General Assembly this year we were able to announce a programme of practical and positive support for the Indonesian government's efforts for the development of West Irian.

[*matter omitted*]⁹

[NAA: A452, 1969/3330]

7 The United Nations Fund for the Development of West Irian, established in 1963 by UN Secretary-General U Thant for the purpose of Irian's social and economic development. The fund was managed by the Secretary-General and had the Netherlands as its first important contributor, though it was open to donations from other members of the UN (*Yearbook of the United Nations* 1963, New York, 1965, pp. 44–5).

8 The Inter-Governmental Group on Indonesia, a 'loose and flexible' consortium of Indonesia's non-communist creditors established in 1967 and 'designed to examine at regular intervals Indonesia's aid requirements, to try to meet these requirements, and co-ordinate aid'. Australia was a member of IGGI (*Current notes*, vol. 40, 1969, p. 485; see also *Current notes*, vol. 38, 1967, p. 78).

9 Territories used Jockel's cable as an opportunity to again press the idea of four-cornered talks. Galvin spoke to Osborn, telling him DOET 'found much of interest in Jockel's suggestions and thought that they were the sort of thing which we envisaged being discussed' at the proposed talks. Osborn said DEA would soon respond to Warwick Smith's idea (minute, Galvin to Besley, 25 July 1969, NAA: A452, 1969/3330). Galvin's reminder was part of a DOET campaign that had continued since Warwick Smith had originally raised the matter with Plimsoll (Document 278). On 20 June, when conveying a friendly letter sent by Sarwo Edhie to Hay following the first Webb visit, Warwick Smith had written to Plimsoll that 'I still believe however that the four cornered talks ... will be necessary if we are to make any real progress' (NAA: A452, 1969/2608). A fortnight later, Warwick Smith had mentioned to Ballard that the four-sided talks were 'at present a dead duck' but he had suggested that DOET raise immediately with other departments the question of having 'plans laid out under which we know the circumstances in which the P.I.R. will become available in the border areas and the use to which they can be put'. The Secretary thought that 'If we take up the substantive issue the four-sided discussion with the Indonesians may well come good again' (minute, Ballard to Galvin and Legge, 4 July 1969, NAA: A452, 1969/3050).

298 CABLEGRAM, DEA TO JOCKEL

Canberra, 24 July 1969

2397. SECRET PRIORITY

[*matter omitted*]

4. On the points made in your 1960,¹ we agree that it is premature to consider the question of establishing liaison offices or consulates in Djajapura and Port Moresby. We also agree that the border liaison arrangements are developing satisfactorily. There is no move from our side towards sealing off the boundary between the two territories although some of your messages have indicated that this would not be unwelcome to the Indonesians.

5. We see merit in your proposal for the gradual development of cultural, including sporting contacts: they might best begin at relatively unsophisticated levels, for example, by the exchange of visits across the border between sporting teams and perhaps school children from nearby areas. We see this as evolving in the first place out of the border liaison meetings.

6. We also agree that there is much scope for contact on practical matters between administrative and professional persons in both territories on lines which you suggest. In your telegram 1960, paragraph 6(a), you speak of Indonesians but it might be useful if West Irianese were eventually to be included among the visitors to TPNG although we recognise that there might be some possibility of defections occurring. We also agree that matters of this kind should be allowed to develop naturally and without too much formality. We feel, however, that any general initiatives for development of such exchanges in either the cultural or 'practical' fields should be deferred until after the West Irianese question has been disposed of in the General Assembly.

7. Nevertheless ad hoc arrangements could be made for visits of a technical or professional kind to take place if they became necessary for some immediate purpose.

Economic development

8. Question of any special Australian aid to West Irian for economic development purposes would need careful consideration. You will be aware, however, that Cabinet is this week considering the budget and that it would not be possible, even if we felt it desirable, to introduce new proposals, such as a sizeable Australian contribution to FUNDWI at this stage. Our preliminary reaction, in any case, is that for reasons both of

¹ Document 297.

principle and of administrative practicability, we should limit ourselves, at least at this stage, to encouraging the Indonesians to apply to West Irian a proportion of the aid from Australia available under our present programme.²

[NAA: A452, 1969/3330]

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- 2 In a minute of 28 July, Besley commented to Warwick Smith that the last sentence of both paragraph 5 and 6 were added on DOET's suggestion. He also remarked that before informing the Administration of Jockel's views 'it would be wise in [the] first instance to sort out a more definitive attitude between ourselves and E.A.'s than is at present contained in the reply which has been given to Jockel. This seems to me to be principally a matter for the Government here at least to start with but when any agreed proposals get into the operational area such as inter-Territory visits we would need to consult with the Administration to shape up the details. Suggest then that steps are—(i) consultations with E.A.'s; and (ii) then seek Administrator's comments on line agreed with E.A.'s. All of this suggests to me that four cornered talks could be very useful and [I] therefore suggest you send [another] letter ... to Sir James' (NAA: A452, 1969/3330). In a marginal note of 29 July, Warwick Smith replied: 'What is the Minister's attitude in *general*!! I don't enthuse about inter-Territory activity sporting or otherwise—it will achieve little positive. I prefer the line of Jockel's comments on consulates!' Jockel gave further views on the Irian–PNG relationship after a second visit to West Irian: '[The Indonesians] are committed to attempting to bring about some political and economic improvements and to convince the Papuans that there is no practicable alternative for them. In this process they will increasingly take an interest in developments on the Australian side of the border. Physical control of the line of the border is only one aspect of the matter. They will also be concerned about social and political developments and the growth of Papuan consciousness. They are likely to be worried about the activities of communists and radical nationalist disruptionists who could promote both anti-European and anti-Indonesian feeling among the Papuans of the whole area. At the same time we must understand that while the thinking of the Indonesian Government will revolve around clear and rational considerations of power and the management of potentially unstable situations there will also be present in some degree those elements of confused ideology and nationalism and even petulant childishness which are part of the collective Indonesian psychology ... My second trip does not lead to any modification of the views already expressed about future Australian policy. We don't have to rush into specific undertakings but we should show ourselves to be thinking seriously and positively about future relations. We should move ahead in our relations with Indonesia in this area smoothly and blandly on an assumption of mutual common interests' (cablegram 2098, Jockel to DEA, 7 August 1969, NAA: A452, 1969/3009). In September, Anak Agung of the Indonesian Foreign Ministry approached Jockel requesting aid for West Irian. In the course of the discussion, Agung remarked: 'the Indonesian Government attached value to cooperation with Australia in particular. Australia had interests in New Guinea and had special resources and skills and a record of development in the Territory of Papua New Guinea. I said I took it from this statement that the Indonesian Government was not concerned about left wing nationalist or anti-colonial criticism about cooperation with Australia on behalf of West Irian. Anak Agung repeated that cooperation with Australia would have value because of Australia's interests and performance in New Guinea. Anak Agung said that the present Indonesian Government understood Australia's trustee position in New Guinea and "accepted and believed" our stated intentions to prepare the people for independence in the future. He then added that any lingering suspicion of Australian motives in New Guinea would certainly be dispelled if Australia was willing to cooperate with Indonesia in the development of West Irian. But this would not be so if Australia abstained. (This last observation was made objectively and in the natural run of the conversation. As you know, it is a judgment which I share)' (cablegram 2306, Jockel to DEA, 2 September 1969, NAA: A1838, 936/20 part 6).

299 LETTER, BARNES TO HAY

Canberra, 24 July 1969

I have read with interest your letter of 28th February which sets out your views on certain broad policy issues.¹

Before commenting on your letter I want to say that I regard very highly the work that the Administration is doing. Over the period there have been some quite serious circumstances of tension and so far the storm has been ridden. This progress devolves great credit to you and your officers for judgment and attitudes shown on these occasions.

As to the views set out in your letter, generally in the broad, I am in agreement but there are some points on which I have a different view.

1 Document 259. In mid-June, Warwick Smith made a draft note of 'Points that might be made by [the] Minister' in reply to Hay. Inter alia, he wrote: 'No general endorsement: specific policy proposals where required ... Constitutional Development—[i] MM's authority in the Departments [ii] stand MM's and AEC up to own decisions ... Responsibility for surveillance of the [development program] rests with [the] Economic Adviser. House of Assembly—don't encourage the expatriates. Reaffirm that pace and nature of p.d. [presumably, political development] are for the people themselves to decide—*bulk* of the people. Why *not* have a full time political spokesman and S.O.M. [possibly, Senior Official Member] as Admr.? ... [Concerning the] Words ... "at a later stage, actual devolution of power is envisaged". The Administrator is there to respond to the wishes of the Minister (see July '66 letter [Document 53]) ... The Government places great stress on greater participation by the Territory reps in the government of the Territory. [Regarding Hay's suggestion on increasing involvement in budgetary and financial decisions] Hay didn't want MM in Budget working party ... "my second suggestion"—spell it out, but don't think officials can rule the roost. [On paragraph beginning "I see the third"]—this is up to Hay as Administrator—formal advice it should be[.] danger of compensation [should probably read "confrontation"] is not as great as danger of puppets [.] set up legislation committee. Programme of political education and of accelerated economic development indicate the difficulties and dangers of hastening the process of modernisation or development: both these activities are paternalistic whereas the aim is self-help and greater self-reliance ... What are the basic issues? Land; Social Development; Participation; Public Service Localisation. When the Commonwealth seminar in Canberra was discussed officials were horror-struck. Nonsense.' (20 June 1969, NAA: NA1983/239, 49/8.) The last sentence was apparently a reference to the incident described in footnote 36, editorial note 'Tensions in the House: the Chatterton and Lussick bills'. A resultant draft letter from Barnes to Hay—seemingly written by Warwick Smith or a senior colleague—was much longer than the final version and reads in part: 'I note your view that we have not secured Papua New Guinea involvement in the success of the economic development programme. This has to be expected in the nature of things. As you recognise, it is not wholly an economic issue. I would be glad if the Administration would forward through normal channels proposals for steps designed to increase actual and practical involvement of native people in the programme as well as to reduce the emotional tensions inherent in the situation. [Regarding advancement of local people] much can be achieved if the scope of the Ministerial Membership system is fully exploited. The [AEC] is a useful vehicle for exercise of collective responsibilities. There is, however, little indication in the papers coming to me of any initiative or positive approach by the Council, and there is always the danger of the Council being too ready to go along with Administration proposals rather than its members thinking out their own positions. Collective responsibility in the A.E.C. may be helpful, but it is not in my view enough. There must be ample exercise of [MM] authority in the respective departments if the intentions of the system are to be carried out, if the system is not to be discredited, and if necessary pressures for further moves towards self-government (arising out of an ineffective [MM] system) are to be avoided ... the attitude of Administration officers towards the Commonwealth Government and the Department seems to show a lack of understanding. All officers of the ... Administration are public servants responsible to the Commonwealth Government ... through the Administration to the Minister... you refer to my having stressed the necessity for the Government's basic policy to prevail ... I quite agree with you that much depends on the way things are handled—this applies perhaps even more to the views and attitudes of the official members in Port Moresby than to decisions in Canberra'. Warwick Smith also suggested that the 'efficacy' of the Administration might be helped by appointment of 'a single official to be responsible to you and through you to me on all House ... and political matters'. The Secretary remarked that another official could be placed 'under the Administration to control and direct the Administrator'—though he likely intended to communicate the reverse (24 June 1969, NAA: NA1983/239, 49/6).

Since these comments are given in a broad sense they are intended to contribute towards an area of understanding rather than to be taken as constituting a formal expression of Ministerial approval. Particular proposals will, of course, be put forward through the normal channels in the ordinary way. In the proper exercise of co-operation and understanding in the implementation of Commonwealth policies there is no alternative.

You rightly stress the importance of securing indigenous involvement in our development programme and since you wrote your letter I believe that, at least, the problem has been emphasised and a first measure to a solution has been the policy to stimulate co-operatives. Training schemes need to be devised and localisation needs to be pressed in the private sector.

'The advancement of the local people' has figured prominently in official statements regarding the policy of accelerated economic development. It is the fundamental objective of the present economic development programme. So far as the programme succeeds in accelerating economic development, it will produce or at least increase the problem of native involvement. You might consider whether or not the momentum of the economic development programme should be a charge on the Economic Adviser with formal responsibility for native involvement in the programme. You may care to furnish your views on the above.

I place great importance on the role of the Administrator's Executive Council. I was impressed with the contribution made by individual members of the Council when I met them for a general discussion on my last visit to the Territory. It is no simple matter to involve these people in the details of departmental responsibility but in the broader sense of Council deliberation and discussion I cannot help but feel that they would be most useful and the more that this involvement is encouraged the more they will feel part of the governmental system. I believe that the proper functioning of the A.E.C. holds the key to the success of the parliamentary system in Papua and New Guinea.

I accept that the factors you list may work 'to force the pace' of political development. I will be receptive to any specific proposals you may put forward for more effective consultation with Ministerial members, individually or in the Administrator's Executive Council on policy matters. I leave it to your discretion whether you obtain formal A.E.C. advice on the 1969/70 Estimates or not.

I do not agree with your statement, as drafted, that we must avoid a situation in which the budget strategy appears to have been imposed by the Commonwealth Government. I prefer to regard the strategy as settled already by the House of Assembly and the Commonwealth Government in the Economic Development Programme and the House of Assembly's endorsement of it. I see no reason so far as Ministerial Members are concerned why there should be any 'confrontation' over budget matters. I accept that any proposed significant variation from the estimates endorsed by the A.E.C. should be referred back to the A.E.C. before being finally approved. Your suggestion that the Minister not exercise direction on certain matters of detail, however, seems to me to involve greater questions of responsibilities than² your letter suggests. In any case I am not prepared to see a drift into a situation in which the Commonwealth provides two-thirds of funds for the government of the Territory and does not control expenditure.

2 Presumably, this should read 'than'.

The Department will be discussing with the Administration the extent to which Ministerial Members are now exercising their responsibility in the Departments with a view to a joint report about it. This is now a more urgent matter since a constitutional committee has been set up.

I support your views, particularly on the importance of involving Local Government Councils in more responsibility. I have always felt that this is the most effective training area for democratic procedures. In a sense, the preparatory school from which the most useful participants flow on to the grammar school of national parliamentary responsibility.

I congratulate you on your decision to hold A.E.C. meetings in various large centres. People in these areas will tend to feel part of the Government system.

I support your view that the permit system should be reviewed. We are allowing too many undesirables into the Territory.

The functioning of the House of Assembly appears to be stabilising but legislation in the House appears to be dealt with far too quickly and I believe that greater effort should be made to remedy this situation.

I have had complaints from elected members that sitting hours during daylight hours should be extended in order to enable more parliamentary business to be completed within the present period of sessions.

The matter of delegations has been dealt with by the Secretary³ and other matters raised in your letter, I believe, could be the subject of further correspondence.

[NAA: A452, 1967/7354]

³ See editorial note 'Administrative delegations and the role of Assistant Administrators: continued debate'.

Administrative delegations and the role of Assistant Administrators: continued debate

Although agreement on the principles guiding administrative delegations was apparently reached between Territories and the Administration during 1968,¹ disagreement over practical aspects continued into early 1969. There also remained tensions over the status of Assistant Administrators.

Some progress was made in May. Stressing the need 'to bring [the matter] to finality', Warwick Smith proposed that Assistant Administrators have a 'role in relation to the Administrator ... somewhat akin to that of a Deputy Secretary in a Commonwealth Department'.² They would 'not be vested with either specific or general delegations' and they would 'not have any statutory relationship with Departmental Heads or Ministerial Members'—but they would 'be called upon to act in lieu of the Administrator as necessary, and bring to finality any subject within the full range of matters coming within the competence of the Administrator'. Their duty statement would be 'to advise and assist the Administrator on more important policy issues'; 'to relieve the Administrator of many representational responsibilities'; 'subject to further developments, to continue their present roles in the House of Assembly'; and 'as directed, to undertake specific assignments on behalf of the Administrator'. Expanding on the relationship between Assistant Administrators and Ministerial Members, the Secretary suggested that 'Whilst Ministerial Members would not be subject to decisions or directions by any officer of the Administration other than the Administrator, the Assistant Administrators would be expected ... to advise Ministerial Members and otherwise to help them and contribute to the smooth workings of arrangements under Section 25 of the Papua and New Guinea Act'.³

Hay telexed in reply that there was in his view 'a wide area of agreement which will enable us to present to the Minister a generalised duty statement', and he recommended that the position be re-named 'Deputy Administrator'.⁴ At the same time, he noted that there remained 'areas of disagreement', namely 'relations between Assistant Administrators and Ministerial Members, and your concept of a roving deputy'. 'The second of these', he maintained, 'involves the way I perform my own duties and I must insist that this be a matter for discussion by me with the Minister'. In June, Barnes approved Warwick Smith's duty statement, while being informed that there 'is some disagreement on how this arrangement is to work in practice'.⁵

Similar uncertainty lingered over financial and works authorisations. In a letter of June to Barnes, Hay had accused the Department of seeking to delay the implementation of greater delegations to the Administration, especially in regard to the authorisations agreed in July 1968.⁶ Privately, he felt he had been

held to ransom by George Warwick Smith who, as a kind of quid pro quo, wanted to get my agreement to the transfer of the works programming section from the direct control of Les Johnson ... into the Treasury. I think this was a direct criticism of the way works programming had been handled by Les Johnson ... I certainly took the view that while there

1 See editorial note 'Administrative delegations and the role of Assistant Administrators'.

2 Letter, Warwick Smith to Hay, 5 May 1969, NAA: A452, 1969/142.

3 See Document 197.

4 Telex 3665, Hay to Warwick Smith, 21 May 1969, NAA: A452, 1969/142.

5 Submission, Warwick Smith to Barnes, 12 June 1969, *ibid.*

6 See submission, Warwick Smith to Barnes, 15 July 1969, *ibid.*

were faults with the administration of the program we were better off with the experience which his supervision had provided and so I resisted the transfer of this function to the Treasury, although I didn't disagree with it in principle.⁷

Warwick Smith reacted to Hay's letter with indignation. In a counter-representation to Barnes, he commented acerbically that

*it seems the Administrator does not accept that he is purely the agent of the Minister in the Territory. His messages frequently do not seek the 'approval' of the Minister—they often say 'please advise the Minister that I intend to do this'. He believes he has a right to approve much larger sums of money, and thus the Department has no proper role in these matters.*⁸

In explaining the delay, Warwick Smith wrote of

a continued consideration in the Department (including getting an advising from Attorney-General's) of the difference of view on whether Assistant Administrators should have greater delegations than Ministerial Members. The Department has stood by the constitutional position that only the Administrator can direct Ministerial Members. The Attorney-General's Department holds this view. It follows from the arrangements approved under the ... Act that delegations to Ministerial Members must not be less than delegations to any officials other than the Administrator.

*Rejecting Hay's wish to avoid ('in the foreseeable future') the transfer of works programming from the Administrator's Department to the Territory's Treasury, Warwick Smith argued that such a transfer was necessary for 'maximum effective control', and he pointed to the 'Administration's past failure to conform with procedures laid down'. He recommended that the delegations agreed in July 1968 be effected 'as soon as the Works Programming Unit is located in the ... Treasury, and [that] they are to take effect on the basis that no official of the Administration, other than the Administrator himself, is to hold delegations greater than the relevant delegations held by Ministerial Members; and that the Minister wishes to know where the Administrator proposes final responsibility within the Administration should be in future for works programming'. Barnes approved the recommendation.*⁹

7 Hay interview, 1973–4, NLA: TRC 121/65, 7:1/22.

8 Submission, Warwick Smith to Barnes, 15 July 1969, NAA: A452, 1969/142. On 16 July, Warwick Smith put a note to Ballard: 'I think we ought to ... give the Administrator another dissertation on the political situation, replying in effect to the constitutional/political aspects of his February report [Document 259]' (NAA: NA1983/239, 49/6).

9 Shortly after communicating Barnes' views on financial and works authorisations, Warwick Smith wrote in a separate letter to Hay: 'The Minister also asked me to write to you on the more general question of the relationship of officers of the Administration to the Commonwealth Government. He is not sure all officers of the Administration understand this relationship, the essence of which is that they are all public servants, responsible through their Departments and the Administrator to the Minister for External Territories to the Commonwealth Government. They have no independent authority of any kind. In this they are in exactly the same position as a public servant in Canberra or an officer of a Commonwealth Department operating directly in the Territory. The Minister also suggests it would perhaps help relationships, in any cases where the situation is not fully understood, if you could get the people concerned to understand that in advising the Minister regarding submissions by the Administration the Department is carrying out its own constitutional and statutory role. In the Minister's view the Administration and the Department are two arms of the Government which must work as a team and which can in no circumstances be regarded as competitors' (29 July 1969, NAA: A452, 1968/2309).

Partial resolution of these tensions was achieved in November.¹⁰ After a meeting in Canberra with Hay,¹¹ it was announced that Ministerial Members would henceforth hold financial delegations equal to departmental heads, excepting the Treasurer.¹² The same principle would apply to statutory delegations, in regard to which Ministerial Members would exercise authority in 'the more important cases'. These changes were said to 'give effect to the principle that a Ministerial Member will exercise responsibility in respect of the functions of his office jointly with the departmental head'. The AEC was simultaneously given authority to 'admit to a design list proposals for new works where the estimated cost does not exceed \$200,000'.¹³

Disagreement over the Works Programming Unit, the role of Deputy Administrators and greater financial delegations does not appear to have been fully resolved by the end of 1969.¹⁴

10 On 5 November, Warwick Smith had sent a note to Ballard: 'Talk to me about [delegations] without fail today. I want to take the question of delegations quite objectively and very firmly' (NAA: NA1983/239, 49/6).

11 See telex 10737, DOET to Administration, 13 November 1969, NAA: A452, 1969/4912.

12 Administration press release, 18 November 1969, NAA: A452, 1969/142, and cablegram 1246, DEA to UNNY, 20 November 1969, NAA: A452, 1969/4912.

13 Various conditions were attached to the new delegations including, inter alia, that MM approvals for expenditure would be 'in accordance with approved policy and functions ... and the exercise of due economy'; the AEC's authority had similar strictures.

14 See letters, Warwick Smith to Hay, 4 November 1969, NAA: A452, 1969/142.

300 MEMORANDUM, ADMINISTRATION (HAY) TO DOET

Port Moresby, 25 July 1969

CONFIDENTIAL

House of Assembly**Fifth Meeting**

I enclose copies of the Administration's report on the last meeting of the House of Assembly.¹

Attachment

*[matter omitted]*²

Debate on Bills

4. The Bills which aroused most interest were as follows:—

(A) EVIDENCE (LAND TITLES) BILL 1969³

The Evidence (Land Titles) Bill was supported strongly in debate by Highlanders such as Abal, Kurondo and Matiabe Yuwi. Titimur, Tammur and Lapun spoke against the Bill as did Chatterton and Voutas. The Highlanders spoke of the importance of safeguarding national land. Voutas felt that the landowners should be permitted to enjoy windfall gains and that if they were successful in proving ownership of developed land they should be entitled to the rent. He felt that the law would not remain in force for long. Chatterton told the Highlanders that they did not appreciate the land problems that had affected the coastal people. Lapun asked that the Land Bill be totally rejected. Tammur reminded the Highlanders that the Tolais had assisted them to develop their own areas and he suggested that they should repay their debt to the landless Tolai by rejecting the Bill. In a very sincere speech Matiabe Yuwi said that his people would make land available in the Southern Highlands for landless Tolais. The Second Reading vote of 54 to 24 showed that the Bill had a considerable amount of support but it is safe to say that those from areas likely to be affected apart from Ministerial and Assistant Ministerial Members voted against the Bill. The Ministerial Members and the Assistant Ministerial Members did not support the Bill as a matter of duty. They had been extensively briefed on a number of occasions; they had raised objections and these had been remedied. It is considered that the visits to districts by field officers and legal officers contributed to the successful passage of the Bill. Oscar Tammur was well aware that very little Gazelle Peninsula land was affected but even where a clear title exists to alienated land the Tolais are generally dissatisfied.

1 The House met from 16 to 27 June.

2 In matter omitted the purpose of the report was identified as drawing 'attention to the main issues and the significant trends and attitudes evident during the meeting'. Listed also were bills which passed all stages and a bill that was defeated.

3 See footnote 4, Document 263. Preceding the debate, the Social Change Advisory Committee had warned that it was 'highly important [for the Administration] to appear fair and just rather than to try to push [the land] legislation through with weight of Highlands members' (minute, Besley to Warwick Smith, 25 June 1969, NAA: A452, 1969/2169).

(B) DISCRIMINATORY PRACTICES (AMENDMENT) BILL 1969⁴

The tone of the debate was moderate and basically a plea for greater understanding and tolerance between the different tribal and ethnic groups. There was support for the concept of a future multi-racial society.

(C) GAMING (PLAYING CARDS) BILL 1969⁵

This Bill was the subject of lengthy debate. Highland members were affronted at the attempt to wipe this piece of legislation off the books and most speakers, apart from Uroe and Evenett, spoke strongly against the Bill. It may be that Mr. Uroe has succeeded in retaining this piece of legislation for a few more years. It is now most unlikely that it will be repealed in the life of this House.

Debate on motions

5. The most important motions were:

BOUGAINVILLE COPPER PROJECT

The paper was delivered on 16th June⁶ and debated on 19th June. Mr. Middleton, in opening debate, amended the motion to take note of the paper and endorsed the copper venture as being a major and essential development.⁷ Lapun then criticised the Government for its bad handling of the situation, for deceiving the people and for ignoring the people's wishes. His speech did not appear to impress the House. Mr. Giregire strongly supported the statement and he spoke of the benefits to the people in the immediate area and to the Territory. Most of the other speakers also supported the motion although some, including Neville and Olewale, felt that it was necessary to go slower on land negotiations and take more time with explanations. Somare criticised the handling of the matter to date although he wanted economic development and knew it was necessary. Arek wanted the project to go ahead but had reservations about the handling of matters so far. Lapun added a further amendment asking for consultation with landowners regarding levels of compensation. This was acceptable to the Administration and the original motion with both amendments was carried on the voices.

The members seemed to appreciate the Administration's frankness in putting up the detailed paper. They believed that some errors had been made in dealing with the people but they considered that the national project had to go ahead in any case.

The whole subject was raised again when Middleton's motion regarding resettlement of displaced native landowners on Arawa Plantation was debated.⁸ This had the support of Pangu and Lapun, Lus, Voutas and Abel spoke in support. It also had support from a number of Independent Group members and it would seem that this group had no stated

4 Chatterton proposed amendment of the ordinance so as to make it an offence to engage in racially offensive behaviour in all public places; previously, the act had applied only to places where liquor was sold (*House of Assembly debates*, 18 June 1969, NLA: Nq. 328.952 PAP, p. 1173).

5 The bill was an attempt to repeal the Gaming (Playing Cards) ordinance, which prohibited informal gaming houses and lotteries (*ibid.*, 17 June 1969, p. 1135).

6 Document 286.

7 For the motion as adopted, see footnote 8, Document 286.

8 Middleton moved 'That this House requests the Administration to urgently adopt a CRA proposed town site on Arawa native lands conditionally on acquiring Arawa Plantation to resettle people displaced from the town site and port site, provided the people in the affected areas are agreeable' (*House of Assembly debates*, 20 June 1969, NLA: Nq. 328.952 PAP, p. 1239).

policy on the motion and left it to individuals to vote as they saw fit. Middleton's concept had a fair amount of support as although the motion was defeated 50 to 34, 20 of the Noes were recorded by Official, Ministerial and Assistant Ministerial Members.

SELECT COMMITTEE ON CONSTITUTIONAL DEVELOPMENT

The main points made by those speaking in support of this motion were that:

- (i) there was a need to stimulate the people's thinking about their political future;
- (ii) the Committee would perform an educational role;
- (iii) political and constitutional stagnation at this time would be dangerous;
- (iv) establishment of the committee would not commit the Administration to a policy of early independence;
- (v) the committee would help establish ties of unity and overcome existing fragmentation throughout the Territory.

6. There were few highlights in the debate. All speakers emphasised that the setting up of the Committee did not foreshadow early self-government or independence. There was criticism that the Administration was not prepared to take a stand on this issue by Mr. Oala Rarua. The main controversy arose on the selection of committee members. Arek and his advisers had included Mr. Lapun and Mr. Tammur in their list and were prepared to try and force their nominations through until the last few minutes before Mr. Watson made the nominations. The Independent Group apparently hinted to Mr. Arek that he would be embarrassed if he went ahead without making at least two changes. As a consequence Toliman and Mola replaced Tammur and Lapun. One further change in Arek's list was the substitution of Matiabe Yuwi for Siwi Kurondo.

SUPERANNUATION SCHEME FOR MEMBERS⁹

7. This scheme was strongly supported as shown by the vote 50 to 28 in favour. The Administration's attitude to committal of public funds on such a scheme was clearly stated by Mr. Johnson.¹⁰ Two Ministerial Members and six Assistant Ministerial Members voted in support of the Superannuation Scheme motion.

[*matter omitted*]

GAZELLE PENINSULA LOCAL GOVERNMENT COUNCIL¹¹

9. In the debate Voutas questioned the Government assumption that the majority of the people in the Gazelle supported the multi-racial council. Tammur and Titimur reiterated all old arguments in opposition to the multiracial concept.

10. Assistant Ministerial Member Langro called for a review of the situation in the Gazelle by the Administration and suggested that the Administration should consult all local leaders. Mr. Langro, in the House and in public statements seems to come out in

⁹ In March, Somare had moved that the House adopt a select committee report on a superannuation scheme. He also moved that the House declare the scheme 'necessary and justified' and that it request implementation by the Administration (*ibid.*, 14 March 1969, p. 1085).

¹⁰ Johnson said that members of the House were 'already among the very well paid members of the ... community' and that the Government would not support a scheme which required a contribution out of the budget (*ibid.*, 16 June 1969, p. 1122).

¹¹ Voutas had moved that the House take note of a statement by Ellis on the Gazelle Peninsula local government council elections (*ibid.*, 18 June 1969, pp. 1183-4). For details of the elections, see footnote 4, Document 277.

opposition to the Administration more often than any of the other Ministerial Members or Assistant Ministerial Members. Mr. Watson is inclined to withhold support from the Administration on many issues. He achieves this by absenting himself from the House at the appropriate time.

11. Olewale said land was [the] basis of the current problems and said that emotional and racial aspects should not be introduced into the debate.

12. Somare said the foisting of a multi-racial council upon Gazelle people would work against unity for the Territory.

13. Neville made a strong attack against Tammur and particularly against the racial overtones contained in Tammur's arguments.

Other matters

14. QUESTIONS

The number of questions asked appears to be on the increase, no doubt partially as a result of an increase in the size of the House. This growth in the number of questions also indicates an increase in the confidence of the members.

15. For the most part, questions were related to electorate problems. It was difficult to provide satisfactory answers on the many questions related to road and bridge development proposals as final decisions were very much dependent on the U.N.D.P. report decisions¹² which were not to hand. Members commented critically on the delay that has been taken to come to decisions on the report recommendations.

16. Another point of interest was the number of questions that were asked on the Army. Some Highland members including Kambipi lived in Army quarters during the meeting and their hosts may have asked the members to take matters up on their behalf.

17. Donatus Mola asked a series of highly technical questions (Nos. 1675–1680) on C.R.A. matters¹³ and he probably had some assistance in preparing them. However, he did not put the answers to use in debate.

18. THE SPEAKER

Once again the Speaker was inclined to become confused when complex procedural questions arose. On one occasion he refused to acknowledge a point of order called by Mr. Voutas and he made a statement to the effect that it was wrong for Europeans to use their superior knowledge of Parliamentary procedures to try and confuse native members, including himself. The next day he apologised for the confusion and said that he would ensure that, in future, every member's right to speak was upheld. He did not refer again to his criticism of European members.

19. On the last day of the meeting Mr. McKinnon drew attention to the fact that he had not been called upon to speak at all, although he had tried to catch the Speaker's eye on 42 occasions. He said that this contrasted poorly with the record of members such as Voutas, Arek and Lapun who had been called upon to speak several times. The Speaker told Mr. McKinnon that he could either apologise or face suspension. When Mr. McKinnon signified that he accepted

12 McKinnon had asked why a first draft of the UNDP transport survey report (see Document 68MAY25) could not be made known publicly. Johnson replied that the UNDP and the Government would not agree to release until the report was finalised (ibid., 10 June 1969, p. 1220).

13 Not printed.

suspension and started to leave the chamber he was requested by the Speaker to sit down. He did so and the meeting continued. That evening when the Deputy Speaker was in the chair Mr. McKinnon apologised and said that he had not intended to insult the Speaker.

20. There was some private criticism of the Speaker amongst the members. Members of the Independent Group and one or two of the Ministerial Members felt that the Speaker was too closely involved with Pangu Pati politics and they said that Pangu Pati decisions were being made in the Speaker's office with the Speaker in the chair. One such decision was the composition of the Select Committee on Constitutional Development which, in its original form, included Lapun and Tammur.

21. TARGET DATES

At the last meeting of the House several members commented on the need to set early target dates for self-government and independence. It was noteworthy that during the course of this meeting, target dates received little mention except from Mr. Peter Lus who said that he would be happy to have self-government 'tomorrow or even tonight'.

22. ATTITUDE OF MEMBERS TOWARDS EUROPEANS

During the meeting some of the members commented on signs of anti-European feeling while the meeting was in progress. In debate on the Gaming (Playing Cards) Bill one of the indigenous Highland members made the point that legislation introduced by New Guineans should not be tampered with by Europeans. Most European members felt that the Playing Cards Repeal Bill was doomed from the start as they were aware that indigenous members regarded it as a symbol of their law-making ability. Highland members were also satisfied that it has had good results in the Highlands. Mr. Uroe decided to go ahead with the Bill although he had been advised that it had little chance of success.

23. Mr. Lepani Watson, on two occasions, accused the leader of the Independent Group of using 'sweet talk' to confuse indigenous members. He also claimed that official members were inclined to rely on the same 'tok gris'.

24. Messrs. Titimur and Tammur also made statements critical of European members and of Europeans generally. The Speaker also accused European members of using their superior knowledge of procedures to confuse their indigenous colleagues.

25. PANGU PATI

The Pangu Pati did not play a very significant part during the meeting of this House. They accepted that economic development was inevitable and they criticised the handling of the Bougainville people rather than the idea of going ahead with the C.R.A. project.

26. In the West Irian debate,¹⁴ Mr. Chatterton, who can usually count on Pangu Pati support, did not get any assistance from Voutas on the West Irian motion. Mr. Voutas felt that injustice

¹⁴ Anticipating action by the House on the West Irian question (see Document 281), the Administration had made an official statement on 17 June. Watkins reiterated procedures for dealing with Irianese refugees and said the Government was considering alternatives to Manus for permissive residents because of the numbers now involved (cablegram 1488, DEA to Geneva, 2 July 1969, NAA: A452, 1969/3050). Watkins tabled an associated paper, whereafter Olewale successfully moved 'That the House takes note of the paper, and (a) commends the Administration for, and supports it in, its handling of the current situation on the Papua New Guinea – West Irian border; (b) while not committing itself to an opinion as to what the result of a genuine act of free choice in West Irian would be, expresses its deep concern in regard to the manner in which the forthcoming act of choice is to be conducted, and the possibility that dissatisfaction resulting from it will confront Papua New Guinea with a continuing and increasing border problem; (c) considers that, whatever

was being done to a small group of West Irianese but he felt that the whole of Indonesia could be thrown into chaos if any other course were adopted and he supported the stand taken by the Australian Government. He did not doubt that the act of free choice would result in the final firm inclusion of West Irian as part of the Indonesian Republic.

27. Although the Pangu Pati has nine regular members they seem to be able to muster 20 or more votes on most issues.

28. INTERPRETATION

The interpretation was of a higher standard than at the March meeting. At the March meeting the Chief Interpreter had just resigned and the next senior man's resignation was pending. The new officer-in-charge has had a great deal of previous experience in the House and two D.D.A. field officers on loan for the meeting strengthened the section. Despite the improvement a great deal is always lost in the simultaneous interpretation and a pidgin speech should be made on the floor of the House on all the important matters by follow-up speakers—either official members, Ministerial Members or Assistant Ministerial Members after the leading government speaker has introduced the subject.

29. The provision of a 'teach-in' on the Bougainville Copper Project by the Acting Assistant Administrator (Economic Affairs)¹⁵ clarified matters for a number of members. After delivering his paper the Acting Assistant Administrator (Economic Affairs) advised members that he would be happy to answer any queries in the Conference Room on the following morning. A number of members took up the offer. This technique could be used again with advantage.

30. MINISTERIAL AND ASSISTANT MINISTERIAL MEMBERS

This group, but in particular the Ministerial Members, acquitted themselves well in debate. The Ministerial Members gain a good understanding of matters before the House as a result of their attendance at A.E.C. meetings and they speak with confidence and authority. This was particularly noticeable in speeches made by Mr. Giregire, Mr. Lokoloko, Mr. Tei Abel and Mr. Ashton.

31. THE INDEPENDENT GROUP

The Independent Group continued to function fairly effectively. The Group certainly influenced the membership of the Constitutional Committee. The Group was also responsible for carrying over the report on House of Assembly Procedures.¹⁶

the merits of the method of reaching decisions by consultation and consensus ('bermusjawarah') may be when the participants are free to express their views without the constraint of fear, the current situation in West Irian is such that the only way in which the true wishes of the West Irianese people can now be ascertained is by a properly conducted referendum; and is deeply dismayed that the United Nations, which should be and claims to be the upholder of self-determination, is not prepared to insist on the holding of a genuine act of free choice in West Irian; and (d) recognising that Australia has no legal standing in this matter apart from the fact that it is a member of the United Nations, requests the Government of the Commonwealth of Australia to transmit the text of this motion to the Secretary-General of the United Nations' (memorandum, Administration (Johnson) to DOET, date illegible, NAA: A452, 1969/3367).

¹⁵ A.P.J. Newman.

¹⁶ The report was compiled by a select committee which had been established in August 1968 for the purpose of considering 'all aspects of parliamentary procedures and matters connected therewith ... so that the elected members will be able to have a greater understanding of the work of the House and to take a greater part in it'. The report was printed in *hansard (House of Assembly debates*, 18 June 1969, NLA: Nq. 328.952 PAP, pp. 1165–9). Debate was adjourned on 27 June (*ibid.*, p. 1436).

32. Originally the group intended to support this report apart from a number of key clauses which Mr. Voutas had apparently agreed to hold over. Lussick supported the motion on these agreed lines. After the Senior Official Member had stated the Government's view it appeared to Mr. Lussick that Voutas might seek acceptance of the whole report without excluding those clauses as agreed by Lussick and Voutas. Neville, prompted by Lussick, then successfully moved that the entire report be held over until August.

33. The Independent Group split on Middleton's second Bougainville motion¹⁷ and Group members P. Johnson and Counsel¹⁸ attacked Lussick's air transport motion.

34. MOTIONS

There is a tendency for an increasing number of motions to be put forward by elected members. A motion provides an easy way to air a local grievance and requires little notice or preparation. It is probable that the trend will increase in future meetings.

35. When the House votes in favour of a motion to take note of a paper it is doubtful whether this indicates that the House supports, in its entirety, everything that has been referred to in the paper. It may be desirable on very important issues to add a few words to Administration motions to obtain an expression of full support but this could be risky. On the Bougainville debate if full support had been sought for all developments to date members like Neville, Olewale, Arek and others may not have supported the motion as these speakers qualified their support in their speeches. The House could also have divided on the Gazelle Peninsula Local Government issue although when Pangu takes a stand on a particular issue a hard core of Pangu opponents vote to oppose Pangu. Pangu's opposition to the Gazelle Peninsula issue would probably have led the majority to support the Government if the Motion had asked for such support.

[NAA: A452, 1968/3178]

301 MINUTE, BALLARD TO GUTMAN

Canberra, 29 July 1969

Constitutional development

- Further to your discussion with the Secretary on constitutional development.¹
- I do not think we should look too closely at the experience of British or even other European decolonisation as a guide to our future relationship with Papua and New Guinea.
 - Britain particularly and the other ex-colonial powers too have all withdrawn from their colonial territories at² an era of contracting European influence.

¹⁷ See footnote 8.

¹⁸ V.B. Counsel, MHA, Western and Gulf regional electorate.

¹ Record of conversation not found.

² Presumably this should read 'in'.

- On the other hand apart from the Philippines the Americans have shown no inclination to withdraw from overseas territories. Even more surprising, the influence of probably the most unpopular country in the world—South Africa—is expanding so that Botswana, Lesotho and Swaziland are little more than satellites and even Malawi has very good relations.
- Australia's colour policies are such that we should be able to expect at least as close [a] relationship.
- As I see it the basic factors are proximity and economic dependence. Because of proximity to Australia expectations are engendered in the people in Papua and New Guinea for economic standards bearing some relation to those of Australia which were never the case in the relationship between Britain and any of its colonial territories.
 - The arguments we heard in the local officers arbitration case and the differences of opinion about standards³ are largely *sui generis* to the relationship between Australia and Papua and New Guinea.
- As I see it the most telling single point on the economic side is currency.
 - This came up in the Nauru talks⁴ and has still not been resolved (but in very different circumstances).
- For the Territory to establish its own currency would clearly confer a very doubtful benefit upon the people themselves.
 - But equally if the Territory wishes to remain in the Australian exchange control area after independence this can only be done if it accepts some substantial limitations on its independence.
- Basically if all goes well Territory politicians are going to be faced with making a decision between—
 - splendid independence and a reduction in economic expectations by virtue of severance from Australia
 - limitations on independence, possibly in the nature of a formal constitutional association in the interests of linking the Territory's economy closely to that of Australia and maintaining economic expectations.
- These choices could either follow the Cuban precedent of disassociation from the U.S. or the Malawi precedent of association with South Africa and it seems to be largely impossible for us to foretell which way the majority of the people will wish to go. But I do think there is a basic correctness in carrying on as we are now on the basis that Australia will react to choices made by the elected members.

[NAA: A452, 1969/3605]

3 See, for example, Documents 2 and 56.

4 That is, discussions on Nauru's independence between Australian officials and Nauruan representatives.

302 MINUTE, HAY TO JOHNSON

Port Moresby, 30 July 1969

Constitutional questions for discussion in Canberra

You will see from the attached copy of a letter to the Minister¹ the broad background against which, in my opinion, the more detailed discussions of what the Constitutional Committee might do should be held.

As to the discussions themselves, it seems to me that there are two broad categories of questions. The first relates to the devolution of power from the Australian Government to Territory authorities. The second includes constitutional issues proper.

It would be best from the point of view of the Australian Government if the discussions on devolution of power were held within the framework of the amended Section 25, Papua and New Guinea Act.² This permits adjustment of the balance of authority as between Departmental Heads and Ministers in favour of the latter. It would permit great financial delegations. It already permits other delegations, and once the new organisational proposals are approved these will in fact be given. There is also room for a direction from the Minister that all matters of policy are to be referred to the A.E.C. for formal advice. It is also a matter of policy as to whether such advice should be accepted by the Government or not. A flexible attitude by Official Members on these matters, indeed a forthcoming one, might enable the Committee to take some initiatives early in the piece, knowing that they would be acceptable to the Government. No doubt the Committee will want to discuss other matters affecting devolution of power, but not falling within Section 25 of the Act. These would include target dates and perhaps authority of the House of Assembly over revenue raised internally. I do not think there ought to be any opposition to the discussion of target dates in the Committee. Perhaps we could turn such a discussion to our advantage by asking the Committee to define what it believes to be the fiscal and administrative prerequisites of self-government rather than the time scale. By that I mean the amount of localisation in the Public Service, the number of professionally trained people who are indigenous outside the Public Service, and also the financial aspects. Surely there should be some prerequisite which would indicate that a certain proportion of revenue would be raised locally and that there would be some assurance of other revenue coming from other sources. No doubt the financing of Commonwealth activities in the Territory, such as Civil Aviation and the Armed Forces, might need to be included in a discussion of prerequisites. It seems to me that the Committee could quite usefully engage in this discussion, both privately and in public.

So far as constitutional questions proper are concerned, I would agree that there is no call now for the drawing up of a constitution. But I do not agree with what I believe to have been a Departmental view, that the drawing up of a constitution should await self-determination. I think that certain constitutional issues at any rate should have been fully discussed and perhaps experimented with while the country is still moving towards self-government and during the stage of self-government before self-determination. In this category I include the following:—

- unitary or federal system;
- relation of Executive to the House of Assembly;

¹ Document 295.

² See editorial note 'Changes to the Papua and New Guinea Act'.

- should the Chief Minister or Chief Executive be elected directly or be responsible to the House;
- allocation of functions as between central and local governments.

All these and others seem to me to moot consideration and recommendations at this stage.

As you know, I have told Paulus Arek that we would provide a good secretary for the Constitutional Committee from Australia and that we would also provide a local officer assistant secretary. On the question of expert advice, I think we should discourage him very strongly from pressing for the appointment of a fulltime expert (who would probably not be acceptable to ourselves or Canberra anyway) and instead confirm that the Committee has the right to ask experts to appear before it at any particular stage from time to time.

[matter omitted]

[NAA: M1866, 4]

303 SUBMISSION, EASTMAN¹ TO FREETH

Canberra, 31 July 1969

CONFIDENTIAL

West Irianese refugees—Runaweri and Zonggonao²

Request for travel documents

On 16th July Mr Hayden,³ M.P. for Oxley, sent the following telegram to you:

‘Urge you to provide necessary travel documents for representatives of West Irian presently Manus Island to allow these representatives to travel to United States to present case for their people. Can you review previous decision on this matter.’

2. In a letter dated 17th July and received on 22nd July, William M. Zonggonao and Clemens Runaweri sent a letter to the Secretary, Department of External Affairs, containing the following:

‘We would like to go to New York to speak to the United Nations. We have had our fares to go guaranteed. We would like to make an application to the Australian Government for travel documents so we can go overseas. Can you do anything for us about this.’

3. Although Runaweri and Zonggonao had made clear from the time of their arrival in Papua/New Guinea on 31st May that they wished to travel to the United Nations, the above letter is the first occasion on which they have actually asked the Government to provide them with travel documents. The Netherlands Embassy in Canberra received a request for travel documents on their behalf from Mr John Middleton, the member of the House of Assembly who has undertaken to pay their fares to New York. The Netherlands replied to Middleton that the Netherlands Government was unable to meet the request since the refugees did not possess Netherlands nationality and were not temporarily

1 A.J. Eastman, First Assistant Secretary, Division I, DEA.

2 For context, see Document 288.

3 W.G. Hayden (ALP).

resident on Netherlands territory. Although we do not have details there are reports that the two refugees sought travel documents from the United Nations without success. Nicholas Jouwe, a prominent West Irianese exile, is reported to be in the Netherlands at present seeking to obtain travel documents from the Dutch.

4. Middleton telephoned the Department on 23rd July to enquire what progress has been made in consideration of the letter of 17th July from Runaweri and Zonggonao. In the 'Sydney Morning Herald' of 29th July he is reported to have said that the Government appears to be deliberately delaying a decision on their application until the Act of Free Choice is over, by which time it will be too late. Middleton had earlier, on 10th July, spoken to the Secretary, Department of External Territories, who told him he did not think the Government would easily be brought to change its position on the question of travel documents.

Attitudes of other countries

5. The Indonesians have expressed the hope particularly that the two should not leave the Territory. Recently they have re-emphasized this hope, at least until the Act of Free Choice has been completed.

6. Our Embassy at Washington has the impression that the United States hopes that Australia will be able to obstruct for several months the departure of the two from TPNG and the Netherlands Foreign Ministry has also expressed the hope that we will be able to find means of avoiding granting travel facilities to them; it believes their visit to New York could have an unsettling effect at the United Nations and would be bound to attract attention in the Dutch Press with resulting pressures on the Dutch Government.

Policy in handling refugees

7. The Government has indicated that in handling West Irianese border crossers it will pay full regard to the international conventions governing refugees. The principles involved are embodied particularly in the Convention relating to the Status of Refugees and the Declaration on Territorial Asylum. The Government's hands are legally free in this case, however, since Declarations are not binding in International Law and the Refugees Convention is limited in its application, in Australia's case, to persons who became refugees as a result of events occurring in Europe before 1st January, 1951. In addition to this general statement of principle, the Government has said that, in the case of Runaweri and Zonggonao, it will neither help nor hinder them in their efforts to get to the United Nations.

Travel documents

8. The Refugee Convention provides in Article 28 that refugees should be issued with travel documents for the purpose of travel outside the Territory and that the holder of such a travel document should be readmitted to the Territory of the contracting party at any time during the period of its validity. In acceding to the Convention, however, Australia made a reservation in respect of Article 28 and specifically indicated that it did not accept the obligations stipulated in the Article relating to the issue of travel documents, although it was prepared to recognize travel documents issued by other contracting States as provided for in the Article.

9. Travel documents could take various forms, for example, passports, documents of identity or affidavits. There seems to be no question of supplying Runaweri and Zonggonao with Australian passports since they are not Australian citizens. Documents

of identity could be issued and could be made valid for particular journeys. The Refugee Convention in fact contains an Article (Article 27) providing that contracting States should issue 'identity papers' to any refugee in their territory who does not possess valid travel documents. Identity papers are sometimes accepted as sufficient documentation for the purpose of issuing visas. The same applies to affidavits of identity, which are sworn before a Magistrate or similar authority, and thus do not involve an initiative by a Government. It is for consideration whether the possibility of Runaweri and Zonggonao obtaining an affidavit should be mentioned to them or Middleton.

10. The question of reconciling a decision to issue or not to issue travel documents with the Government's statement that it will neither help nor hinder the refugees in their efforts to go to New York poses some problems: if the Government decides to issue some form of document which is subsequently used for travel purposes, is it 'helping'? If it refuses to issue documents, is it 'hindering'? The position is perhaps best described along the lines that the Government will not 'help' by issuing travel documents, paying fares etc and will not 'hinder' by preventing the two refugees from leaving TPNG should they obtain the fares and travel documents from other sources.

11. A more important consideration is whether Runaweri and Zonggonao would be permitted to return to TPNG once they left. This is particularly relevant since the United States is unlikely to issue visas allowing the men to visit New York unless they have re-entry visas for TPNG or visas for a third country.

12. Australia is not at present under any legal obligation to re-admit them to TPNG. The humanitarian principles which led us to grant refugee status in the first place do not appear to require us to permit the refugees to use TPNG as a base from which to conduct an international campaign against Indonesian actions in West Irian.⁴ The Minister for Territories has indicated that, in his view, travel documents should not be issued to Runaweri and Zonggonao and that, if they succeed in obtaining documents elsewhere and leave the Territory, they should not be re-admitted. He would like to be consulted if it is intended to depart from these principles.

Public interest

13. There has not been a great deal of public interest in whether or not the Government should facilitate Runaweri and Zonggonao's travel to the United Nations although the press gave considerable coverage to them in the earlier stages of their stay in TPNG. Recently there have been few reports about them, although interest may revive now that the issue of the granting of travel documents has been aired.

United Nations High Commissioner for Refugees (UNHCR)

14. The UNHCR shows interest in West Irianese in TPNG and it has been Australian policy to keep him informed personally on matters relating to them. We believe he should also be informed confidentially of the decision taken in respect of the requests for travel documents for Runaweri and Zonggonao and the reasons for it.

Recommendation

14. It is recommended that you approve that—

4 Freeth here wrote: 'In fact we make this one of the conditions on which they are accepted'.

- (a) until consideration of the Act of Free Choice has been completed in the United Nations, the Australian Government should *not* issue travel documents to Runaweri and Zonggonao.
- (b) the Government should take no step to draw to their attention the possibility of their travel on the basis of affidavits of identity.
- (c) a decision be reserved as to what action might be appropriate in the event of any future application for travel documents after the United Nations consideration mentioned in (a).
- (d) Mr Hayden be informed, as in the attached draft,⁵ that the Government's policy remains that it will not prevent Runaweri and Zonggonao leaving TPNG for New York nor will it take positive steps to facilitate their doing so.
- (e) a similar reply be sent to Runaweri and Zonggonao.
- (f) the UNHCR be informed, confidentially and orally, of the Government's decision and the reasons for it.⁶

[NAA: A1838, 3036/14/1/6 part 15]

⁵ Not printed.

⁶ In a marginal note of 1 August, Freeth wrote: 'i. Although the letter to Mr. Hayden omits any reference to travel documents, in so far as it is a reply to his request for the issue of documents it can be taken as a refusal at this stage. ii. I believe this is probably the right view at the present time. But there will be more political sensitivity in Australia about stopping these men telling their story to the U.N. (& it will be taken this way) than in our "going along" with the act of free choice as conducted by Indonesia. We should therefore have some flexibility to meet this attitude. iii. We could eventually come to a position if there is much reaction where we issue documents of identity on the basis that these men cannot be allowed to re-enter. This would probably make it difficult for them to obtain U.S. visas (and this attempt to do so would take some time) & subsequently obtain permission from the Dutch or some other country to enter there—again taking some time. This should delay their arrival in New York for a good many weeks. iv. These men staying in New Guinea will be a continuing nuisance—we would be better off if they left, and provided we delay their departure as long as possible we don't have any other obligations to Indonesia or anyone else. I suggest that further discussions with Territories be held along these lines'. The Australian Government stood by its refusal to issue travel documents to the pair. They were still on Manus in early 1970 (see letter, Beazley to McMahon, 29 January 1970, and letter, McMahon to Beazley, 12 February 1970, NAA: A1838, 3036/14/1/6 part 17).

Reconstruction of the PNG public service and the Fenbury affair

In view of the constitutional changes in the Territory during 1968, a review of the structure of PNG's public service was undertaken in the same year. Its aim was to ensure the compatibility of the service with the changes and to facilitate future development.¹ Its result was the observation that the existing number of departments was 'excessive' and the recommendation that 're-grouping of functions' was needed to 'improve efficiency'.

Two proposals became the object of public controversy. The first was the creation of a 'Department of the Central Secretariat', which would combine the functions of the Department of the Administrator with information services and the field functions of DDA.² The scope of the new body would be substantial: it would embrace 'broad policy-making at a high level ... general administration and implementation of policies in the field, reaching down to Districts and Local Government Councils ... and including the co-ordination in the Districts of activities of other Departments ... police and security services, and ... information services'.³ It was argued that the gathering of these functions 'under one central control, with a close relationship with the Administrator' was 'essential' for 'strong and effective government at this stage of the Territory's development'. A second notable suggestion was the formation of a 'Department of Home Affairs' that would combine a number of 'housekeeping' activities currently spread across a number of departments.⁴ Its only substantial policy function was to be social development, hitherto located in District Administration.

In February 1969, External Territories commended the review to Barnes, though it argued that the 'Social and Home Affairs' department be short-lived—it should be abolished when Fenbury 'can be satisfactorily placed elsewhere'. Barnes approved the changes.⁵ Three months later, Warwick Smith received a letter from Hay and Gerald Unkles (Chairman, PNG Public Service Board) urging, ahead of the service-wide reorganisation, the immediate formation of both the central department and the home affairs body.⁶ Two key personalities linking the new departments were Fenbury and Ellis. Hay's relationship with Ellis had continued to develop since his appointment as head of DDA, while that with Fenbury had not improved.⁷ Given that the establishment of the central department was contingent on the dissolution of DDA—and that Fenbury had been chosen to run home affairs, with Ellis marked for the reconstructed Administrator's department—the two departments had to be formed simultaneously. As to the timing and urgency of the decision to proceed, Unkles wrote privately to Warwick Smith that 'Mr Hay rather fears the return of Mr Fenbury [from leave] in current circumstances, and hence one must sympathise with the idea of re-organising'.⁸ (Unkles thought Hay might also 'have had in mind a forcing of the issue ... on the relationship between Departmental Head ... and the role of Assistant Administrator'.)⁹ Hay himself has said that he was anxious to have the reorganisation 'done by mid-year before anything blew up in relation to Bougainville, before the

1 See attachments to memorandum, Administration (Somers) to DOET, 31 December 1968, NAA: A452, 1969/142.

2 loc. cit.

3 A DOET paper later noted that 'No other Department can be classified above this one—it is [the] absolute fulcrum of the Administration' (8 September 1969, *ibid.*).

4 See attachments to memorandum, Administration (Somers) to DOET, 31 December 1968, *ibid.*

5 Submission, Besley to Barnes, 19 February 1969, *ibid.* Warwick Smith also highlighted the Department's interest in a 'Co-ordinating Secretariat'. He raised his concern that the Administration be removed 'from political and public controversy' and he suggested changes to the responsibilities of Assistant Administrators (for further discussion, see editorial notes on administrative delegations and the role of Assistant Administrators).

6 Letter, Hay and Unkles to Warwick Smith, 27 May 1969, *ibid.*

7 Hay interview, 1973–4, NLA: TRC 121/65, 6:2/36. For background, see footnote 1, Document 154.

8 Letter, Unkles to Warwick Smith, 27 May 1969, NAA: A452, 1969/142..

9 See editorial note 'Administrative delegations and the role of Assistant Administrators: continued debate'.

Gazelle got any worse ... and as quickly as possible in relation to the West Irian border where I had had some trouble with intelligence reports not reaching me quickly enough'.¹⁰ Warwick Smith telexed Barnes' approval on 30 May.¹¹

After some hesitation,¹² the plan was announced on 7 July.¹³ In doing so, Hay laid particular emphasis on Fenbury's responsibilities regarding social problems not yet tackled by the Administration. However, behind closed doors it was evident that even this one policy area might be denied him. In a conversation with Unkles, Besley said that 'social development might be moved later to another department [and] Fenbury had to know this and to understand that if this happened he was not to feel wronged or aggrieved. It was just something which was on the cards and may or may not happen'.¹⁴ Besley's comments also indicate that Territories agreed with Hay's reasons for moving Fenbury. He remarked that there was a 'need [for] a clear understanding that Departmental Heads [are] not in future able to make public statements of a controversial kind', and while referring to 'Fenbury's abilities [and] Territorial experience', Besley also spoke of 'his blinking red lights approach at times'. These criticisms echoed Warwick Smith's comment to Hay—to be found on the same file—that it 'would seem desirable at the time of making appointments to positions of Departmental Head status to be assured of the good faith of appointees, particularly from the viewpoint of loyalty to Administration policies'.¹⁵

Fenbury bitterly protested the change. He called Unkles and 'complained at length about being moved ... and about Ellis having been publicly preferred to him for (in his mind) a posting of higher status'.¹⁶ (The imputation that Ellis' greater status was more imagined than real was disingenuous; aside from the obvious and divergent functional significance of the two departments, the original public service review made clear that the head of social affairs would receive a lower income.)¹⁷ Unkles explained that Fenbury intended to write formally to the Public Service Board 'objecting to the new arrangements', adding that he had rejected 'Unkles' observation that a public servant accepts whatever posting he is given'.¹⁸ Unkles believed 'Fenbury will carry out the letter of his duties but without any enthusiasm for them'.

There were also vigorous public objections to the arrangements. Don Barrett wrote in the *Post-Courier* that the new department might more correctly be named the 'Bits and Pieces Department'

10 Hay interview, 1973–4, NLA: TRC 121/65, 6:2/37.

11 Telex 5419, Warwick Smith to Hay, 30 May 1969, NAA: A452, 1969/142.

12 See, for example, telex 5968, N.F. Wicks (Assistant Secretary, Establishments Branch, DOET) to Unkles, 18 June 1968, and telex 3803, Unkles to Wicks, 25 June 1969, *ibid.*

13 See telex 5914, Hay to Warwick Smith, 7 July 1969, *ibid.*

14 Minute, Besley to Warwick Smith, 8 July 1969, *ibid.*

15 Letter, Warwick Smith to Hay, 13 February 1969, *ibid.*

16 Minute, Wicks to Warwick Smith, 8 July 1969, *ibid.* Fenbury complained to Hay and Barnes in similar terms. His relationship with Hay—'never ... warm, but at least ... correct'—deteriorated to the point where he 'became a sort of internal opponent' (Hay interview, 1973–4, NLA: TRC 121/65, 6:2/38).

17 See attachments to memorandum, Administration (Somers) to DOET, 31 December 1968, NAA: A452, 1969/142. An attempt was later made by Territories to have Fenbury placed in a higher salary bracket in view of the position's 'work value' and the occupant's 'capacity ... to contribute to the job' (as demonstrated by Fenbury's 'academic achievements and his long and varied experience in the field and at headquarters') (letter, Warwick Smith to Sir Frederick Wheeler (Commissioner, Commonwealth Public Service Board), 3 November 1969, *ibid.*). The Commonwealth Public Service Board turned down the request since the 'matter was not one of work value or personal retention' (note for file by Warwick Smith, 3 November 1969, *ibid.*).

18 Minute, Wicks to Warwick Smith, 8 July 1969, *ibid.*

and he claimed that the reconstruction weakened connections with the grass roots.¹⁹ He noted that Ellis was 'an outspoken opponent of local government'—while Fenbury, for his part, was not a comfortable partner in the push for centralisation: 'Perhaps he has been too outspoken to please his "masters" in Canberra—for let us be sure that this present reorganisation is another Canberra product'. The mainland press was similarly harsh. The Sydney Morning Herald labelled the action a 'backward step' and condemned the 'increase [in the] ability of the Department of External Territories to control Papua – New Guinea affairs'.²⁰ It decried a situation in which 'Canberra officials—notoriously out of touch with developments in the Territory and responsible for the major blunders of recent years—will now have the means of reaching directly down to the most minor details of field administration'. And it alleged that the presence of DDA officers in the new Administrator's department was designed to amplify the 'voices of conservatism' and 'slow down the pace of political change in the Territory'. The Australian maintained that the 'new arrangements, combined with the abolition of ... assistant administrators ... removes various checks and balances that previously operated', and though it conceded that greater efficiency was now possible, 'there must', it concluded, 'be misgivings at the way government in New Guinea is being increasingly centralised to give the Department of Territories increasing control over not only broad policy, but its detailed implementation'.²¹ Barnes responded to these criticisms by arguing that the scope of the Administrator's authority would remain the same and that the absorption of DDA allowed for more effective coordination.²² To calls for the acceleration of a handover in PNG, the Minister gave his standard rejoinder: the Government's policy was to 'develop [PNG] for self-determination and to allow the views of the majority of the population to determine the timing of their decisions about their constitutional position'.

Aside from political fallout, there were other aspects of the affair that caused concern in Government. In the Administration, Legislative Draftsman C.J. Lynch 'produced a long list of reasons why recent [changes were] ... illegal or extra-legal'.²³ The core of the anxiety was that the changes had been implemented without a report from the PNG Public Service Board and the DOET departmental head. 'Under pressure' Lynch conceded that 'his personal opinion was that [the] Minister had power to act without [a] report, but ... he understood there was opinion to the contrary'.²⁴ A decision was made to quietly decline the opportunity to discover whether, in fact, such opinion existed. A Territories officer recommended that no approach be made to Attorney-General's 'as it might act as a fetter to the discretion exercised in the past (usually with P.S.B. agreement)'.²⁵ Besley agreed, cabling Port Moresby that there was 'No record of opinion here or at A.G.'s and we see no value in seeking one since [the] Minister has already taken [the] decision'.²⁶

19 *Papua – New Guinea Post-Courier*, date unknown, in *ibid*. There were also indications of disquiet at lower levels in DDA. For example, the Deputy District Commissioner of the Eastern Highlands district, J.P. Sinclair, decried what he saw as the cavalier manner in which DDA had been consigned to the past—but, he wrote, 'No doubt the teeming thousands of Johnny-come-latelys in Port Moresby, most of whom have no knowledge of nor interest in New Guinea as a whole, will wonder what I am getting fussed about' (loc. cit.)

20 *Sydney Morning Herald*, 10 July 1969, in *ibid*.

21 *Australian*, 9 July 1969, in *ibid*.

22 Press statement by Barnes, 10 July 1969, *ibid*. Barnes' statement was expressly aimed at articles of 10 July, yet it is likely he also had in mind earlier criticism.

23 Minute, Don Scott (Senior Inspector, Organisation and Classification Section, DOET) to Besley, 19 August 1969, *ibid*.

24 loc. cit.

25 loc. cit. Scott wrote that 'in the past we have maintained [the] position that we should have [a] recommendation from [the] Board before [the] Minister should act ... There have been isolated occasions when this procedure [has] not [been] followed'.

26 Telex 9062, Besley to Unkles, 16 September 1969, *ibid*.

304 NOTES OF DISCUSSIONS BETWEEN DOET AND ADMINISTRATION OFFICIALS¹

Canberra, 31 July – 1 August 1969

CONFIDENTIAL

P.N.G. constitutional committee

[*matter omitted*]

31ST JULY—COMMENCED 9:50 A.M.

Mr. Johnson

- thought Arek would be elected Chairman. Probably the most radical members of Committee were Arek, Somare and Olewale but none of these were really radical unless roused.
- The Secretary of the Committee needed to be carefully chosen as he would have an important role.
- agreed with the Secretary that it would be useful, and also flattering if Committee members could talk with the Minister at an early stage.
- anticipated an early proposal for the Committee to visit other countries possibly in two parties and that the suggestion would not be unpopular with Territory people.

The Secretary

- thought M.M.s might benefit from talks and a look around Australia, ostensibly on other business (e.g. P.M.G. might invite Giregire; Toliman for consultations with Education; Abal to Agriculture).

Mr. Johnson

- thought Committee members would be keen to be seen to be doing something.
- doubted whether Committee peregrinations would commence before early 1970.

The Secretary

- thought Committee should take early look at operation of present system,
- plenty of scope exists under present constitution,
- Section 25² could take Territory a long way towards self-government
 - M.M.s could be given full powers subject to Administrator but Administrator could abstain, giving effect of self government.

Mr. Ballard

- said M.M.s not exercising powers they already have,

1 The talks were attended by the official members of the Select Committee—Johnson and Littler—and Warwick Smith, Ballard, Kelloway, Kerr and Vizard.

2 See editorial note 'Changes to the Papua and New Guinea Act'.

- existing arrangements should be made known to Committee.

Mr. Johnson

- thought Committee should examine operation of M.M. system.
- I.D.C.C. might become advisory body to A.E.C. which is not geared to substitute for it.

The Secretary

- saw value in a clearing committee something like German system,³
- might disband I.D.C.C. and have small group looking at policies like inter-departmental committee here,
- if I.D.C.C. arose as a question, no loss in giving it away as it could be replaced by more flexible and less formal approach.

Mr. Johnson

- thought I.D.C.C. could be executive or administrative arm of A.E.C.,
- more advisory and less executive than former C.P.P.C.

The Secretary

- inquired as to possibilities of a reshuffle of portfolios over the next couple of years.

Mr. Johnson

- thought M.M.s were fairly firmly placed but A.M.M.s were less secure,
- there has been no talk of reshuffling M.M.s,
- Oala Rarua might withdraw to be politically active,
- A.M.M. operation has been unsuccessful because calibre of incumbents poor, duties not well defined, and some members illiterate,
- saw disappearance of A.M.M.s as possibility over next two years.
- jealousy exists among A.M.M.s towards M.M.s.

Mr. Ballard

- said it had been envisaged all ministerial office holders would support Government but support has come from A.M.M.s to a much lesser extent than from M.M.s.
- M.M.s had been kept out of reserved fields.

Mr. Johnson

- thought M.M.s need not have whole departments
 - these might be split.

The Secretary

- wondered whether it would be better to expose ministerial office holders to all areas

3 In the federal legislature of the Federal Republic of Germany (the Bundestag), most legislative groundwork and revision was managed by standing committees.

- the more responsibilities the better
- if M.M.s cannot accept policies, review policies.
- arguments for keeping reserved subjects are not obvious and perhaps matter should be reviewed.
 - if matter of reserved areas is queried, the Government would have to look at it.

Mr. Johnson

- suggested having 15 M.M.s and no A.M.M.s in two years time.
- might result in less frequent formal meetings of A.E.C.

Mr. Ballard

- raised the question of an M.M. for Treasury.

The Secretary

- said M.M.s must eventually face up to the extent the Department and the Minister are involved in the budget.⁴
- The sooner they get to grips with the financial arrangements the better.
- There are bound to be problems and if a workable alternative exists it should be examined.
- Treasury poses greater difficulties than other portfolios.
- split budget presents problems
 - expatriate allowances might with political advantage be taken out and make one-line salary system more real,⁵
 - if more items of this kind found, split budget would be advantageous.

Mr. Johnson

- Split budget might be achieved in three stages
 - remove expatriates
 - specified works programme
 - specific projects.
- If each department had an M.M., any reduction in expatriates could be queried with M.M. concerned.

Secretary

- Select Committee should prepare charter
 - important things must be done for good of country even if unpopular.
 - prerequisites for self government or independence,

4 In a later note to Ballard, Warwick Smith wrote: 'The Administration should make sure that they say quite clearly and firmly in the House of Assembly, if they get an opportunity ... that the House ... is not competent to direct the Administration to do anything—much less direct it to do something involving expenditure (NAA: NA1983/239, 49/7).

5 See footnote 2, Document 158.

- electors must realise M.M.s must be in Port Moresby to help run government and therefore cannot be in electorates.

Mr. Johnson

- Political need exists to be seen to be doing something
 - first report needed early saying what is to be done, when and how.

The Secretary

- Maori Kiki did harm in Australia giving impression Australian aid was not really wanted or appreciated.⁶
- Some appreciation needed
 - Committee could do this.

Mr. Johnson

- Some 50 speakers during budget debate will start by thanking the Government for its aid.
- Somare is certain to bring up target dates and other major issues at early date.
 - position needed on major issues.

Secretary

- Wondered whether Second Chamber would be seriously considered⁷
 - would need to go to Cabinet on this and also any regional electorate changes.
 - asked what other issues might arise heading approach to Cabinet.

Mr. Johnson

- Second Chamber would slow up legislation.

Mr. Littler

- Some areas would wish to retain regional electorates to bring in indigenes.

Mr. Johnson

- If regional electorates retained preferred educated indigenes to expatriates representing regions but Administration would rather be without regional electorates.
 - opinion could favour retention, or a Second Chamber.
- Was concerned in case strong pressure exerted for federal structure,
- Favoured unicameral legislature with regional representation as two Houses unjustified in impoverished country.
- Legislation could be slowed down if Administrator given administrative powers to return legislation to House.

⁶ See footnote 2, Document 276.

⁷ With reference to Documents 258 and 284, the Administration had in late June been asked to 'consider whether the powers and functions mentioned in the notes appear to be adequate, too great or fall short of a practical level for an Upper House' (memorandum, DOET (Warwick Smith) to Administration, 27 June 1969, NAA: A452, 1969/1135).

Mr. Ballard

- Mentioned U.N. criticism of failure of local government in urban areas.
 - asked would urban councils lead to regionalisation.

Mr. Johnson

- Urban councils would be expatriate enclaves manned by expatriates with self interests.

The Secretary

- House of Assembly tends to deal summarily with things
 - emotionalism arises and affects votes with little consideration being given to real issues.
 - advantages exist in talking out until consensus achieved.
- Minister thought Second House should have no M.M.s but with three or four officials for explanations.
- Three aspects need examination.
 - consensus
 - regional electorates
 - indirect election process.
- Indirect election should produce more conservative attitude in House.
 - different category of member would arise.
- Second Chamber would not just delay legislation
 - could debate issues
 - may help reduce insularity and detachment.

Mr. Johnson

- Said similar sentiments expressed when Senate formed.
- Best local government men would in any case rise to Lower House and second best would go to Second Chamber.
- Growth of political parties would lead to support in Upper House.
- Questioned whether Upper House would be more conservative than Lower House.
- Saw equally valid arguments either way concerning an Upper House.
 - if Territory accepts a Second Chamber, go ahead
 - if not, idea should not be sold.

Mr. Littler

- Many M.H.A.s derive from Local Government Councils and are replaced in L.G.C. by their political opponents
 - Second Chamber would reflect this.

Mr. Johnson

- General feeling is that official members should be retained.

Mr. Ballard

- Saw M.M.s with parochial responsibilities and officials filling gaps and supporting M.M.s, gradually giving way to them.

Mr. Kelloway

- Thought committees idea had merit.

Mr. Johnson

- Independent Group is against committees
 - thought Select Committee on Procedures report covering these⁸ would be rejected.

The Secretary

- It is convenient for officials to take reserved subjects but desirable for there to be no officials.

(Adjournment 11.45 a.m. to 2.40 p.m.)

Secretary

- Referring to previous Select Committee, said attitude of officials was never discussed.

Mr. Johnson

- Saw new Committee as being different, not so receptive to suggestions from officials.
 - officials should participate but not take initiative
 - good brief needed for officials
 - offer of Executive Officer (Secretary) should be made to Committee at first meeting on 15th August.

The Secretary

- Promised follow up with A.G.'s re Secretary.
- Thought officials could present papers to Committee or suggest Secretary could write up for Committee.

Mr. Johnson

- Expected the Committee would have well attended meetings with the public, with strong speeches if meetings advertised.
- Statehood requests were likely from the islands.
 - Papuans would not desperately oppose
- Bougainville would accept statehood now with independence later.
 - although some residents there demand independence now, they probably mean they want independence when the copper project is operating.
- Highlanders too may accept statehood now.

⁸ See footnote 16, Document 300.

- Only proponents for unity would appear to be Papuans and some coastal people.

The Secretary

- On the brief for official members of Committee, said it need not be as elaborate as previously.
- Minister wants conservatism injected into situation
 - indirect elections would help.
- Issues appear to be clear but need to know what to go to Government on
 - can go on Second Chamber and regional electorates but Government should not force if no climate of acceptance exists.
- Arrangements under Section 25⁹ could be settled with Minister but advantage seen in discussions between members of Select Committee and Ministers.

Mr. Johnson

- Thought expansion of the ministerial system might have possibilities after two years.
- Ministers might find timetable difficult.
- Thought self government likely by 1976.

The Secretary

- Thought Government would not accept timetable.

Mr. Johnson

- Suggested fixing stages of development
 - Territory to contribute proportion of budget
 - localisation of public service.
- Thought one issue to be presented would be presidential system with criticism of Westminster system.

The Secretary

- Minister's view is that Ministers must have electoral base.
 - appointees do not face electors.
 - in any case nominated Ministers are unlikely to be better than elected Minister.
- Opponents of present system fail to show how other system is better.

Mr. Ballard

- Thought B.S.I.P. committees system should be watched.¹⁰

⁹ See Document 197.

¹⁰ Britain's interim proposals on constitutional development for the Protectorate included abolition of the Executive and Legislative Councils and formation of a 'single Council with legislative and executive functions with a series of committees with executive powers to supervise the departments'. Committee members would be drawn from the single council ('Interim proposals on constitutional development', Legislative Council paper 119 of 1968, 4 December 1968, NAA: A1838, 317/1 part 2).

Mr. Johnson

- Thought growth of political parties is against B.S.I.P. system in T.P.N.G.
- Said another issue will be disallowance powers.

The Secretary

- Thought Committee should be told veto is necessary part of administration.
 - it should talk to Ministers about this.
- Steering Committee on bills might have advantages.

Mr. Johnson

- Committees suggested by Select Committee on Procedures could be beginning of a Steering Committee.

The Secretary

- One basic problem is the taking for granted of large aid programme.
 - Committee must realise climate in Australia could change
 - should avoid giving grounds for press to report antagonism in Territory against Australia.

Mr. Johnson

- Thought only the Chairman of Committee should issue statements and then only after clearance by Committee.
- On the question of a flag and name, nothing further has been done so far but Committee could look into this early.
- Thought sub-committees could be formed, one for flag and one for name.
 - referendum unlikely
 - Committee could report to House which would pass to Councils
 - if favourable, could be adopted by resolution of House.

The Secretary

- Flag and name will be included in Cabinet Submission.

Mr. Ballard

- Expressed concern about questions on notice about areas outside jurisdiction of the House of Assembly
 - should remain on notice paper until cleared by Canberra.

Mr. Johnson

- Agreed some questions need to be cleared but thought credibility would be lost if straightforward questions were dodged
 - disliked leaving questions on notice paper.

The Secretary

- Thought position should be explained to Defence pointing out need for quick answers.

ADJOURNED 4.5[0] P.M. TO 10.20 A.M. 1ST AUGUST, 1969.

Mr. Johnson

- On the M.M. system, thought no M.M.s should be dropped now as all are fairly powerful politically.
 - reshuffling could be done by Administrator.
- M.M.s do not criticise policy nor raise parochial issues.
- Thought A.M.M.s generally fed-up but Administrator believed need existed for them.
- M.M.s need not be equated to Departments but rather to functions.

The Secretary

- Wondered whether central government operating from Lae may be more acceptable than Moresby
 - central government more likely to exacerbate than contain pressures for regionalisation.
 - some degree of regionalisation may relieve pressures.
- Unwise remove Papua – New Guinea boundary while Territory under Australian administration.

Mr. Johnson

- Saw need to be clear on limit to which central government can be contained before acceding to pressures.

The Secretary

- Thought Committee could recognize certain of the Commonwealth bodies in the Territory.

Mr. Johnson

- Felt D.C.A. intruded on a self governing body.

The Secretary

- Saw technical problems as the basis for D.C.A. presence.
- Would like to see proposition that we see nothing wrong in Select Committee saying these technical bodies should be brought within the umbrella of the Territory in the next few years.
 - for, example, start could be made on Shipping and Transport.
 - technical manpower and administration arrangements problems need resolving.
- D.C.A. presents special problem because of its expenditure in Territory.

Mr. Johnson

- Would like greater consultation between D.C.A. and Administration on routes, rates, safety regulations, etc.
- Need existed for phasing out Commonwealth departments
 - firstly concurrence

- secondly, function as agency of Administration
- finally indigenisation.

Discussion ensued on Mr. Johnson's paper 'Issues for discussion and progression'.¹¹

Mr. Johnson

- Thought Deputy Chairman of Committee needs to be European (but not a planter) to advise and guide Arek.
 - possibly Leahy.

The Secretary

- (re possible amendments to Act to increase number of M.M.s). Thought timing presented problem.
 - change in 1970 might be too early.

Mr. Johnson

- Committee unlikely to submit first report until middle 1970.
 - if it proposed increase in M.M.s at expense of A.M.M.s, Government agreement would bring it credit.
- By 1972, Committee's major report would have reached Government which by then would have positive position.

The Secretary

- Government view is that ineffective government would result from haste, but if people want Australia out it would get out.
- Critics see situation as perpetuation of colonial system.
- Radicals react to suggestions to go slowly.
- Answer is that Government stays while it's wanted but no reason why imperceptible switch might¹² be pursued as means of beating radicals' campaign.

Mr. Ballard

- Said that while Cabinet will not commit itself on aid after independence, it seems clear nature of aid will change.

The Secretary

- (re Second Chamber) said main question seemed to be direct or indirect election.

Mr. Kelloway

- Said academics and press criticised indirect elections
 - Local Government Association is already powerful
 - raising its status by making it part of Second Chamber was not good idea.

¹¹ Not printed.

¹² Context suggests the word 'not' may have been omitted here.

Mr. Johnson

- Favoured district representatives but unless educational qualifications were eliminated this would be regarded as retaining expatriate control.
 - plenty of candidates would be forthcoming if indigenes elected at large.

Mr. Littler

- Thought an age limit might have advantages
 - would produce mature candidates rather than young educated men.

The Secretary

- Saw little benefit in a Second Chamber without indirect election as the Upper House would merely duplicate the Lower House.
- Thought Second House need not necessarily be elected by Local Government Councils but the latter are the only organized bodies.

Mr. Ballard

- Thought selection by Government or indirect election by Councils were only alternatives.

Mr. Johnson

- Thought costs of a Second Chamber need not be substantial
 - same staff and building and services could be used.

The Secretary

- Saw elimination of regional members as offsetting part of costs of Second Chamber.

Some recapitulation of various points followed.

The Secretary

- Would like another meeting before end of August but realised House was meeting on 20th.

Mr. Johnson

- Thought House would adjourn for few days over weekend 28th/29th for Mt. Hagen Show
 - attempt is likely to hold Committee meeting while House meeting.

Secretary

- Promised to send papers
 - hoped to arrange talk again in mid-September.

Meeting closed 4 p.m.

[NAA: A452, 1969/3605]

305 LETTER, BARNES TO FREETH

Canberra, 4 August 1969

I refer to your letter of 26th June 1969 concerning the petition on the Act of Free Choice in West Irian which was presented to the Administrator of Papua and New Guinea by Mr. Leo Hannett on 24th May 1969.¹

Whilst there are differences in the two situations, I wonder whether we should not deal with Mr. Hannett's petition in the same way as we would with a resolution from the House of Assembly which asks the Government to pass its views to the United Nations. In that situation the Speaker of the House conveys the resolution to the Administrator who in turn submits it to the Minister for External Territories. I then pass it to you as Minister for External Affairs for onward transmission to the United Nations.

Although the petition conveyed by Mr. Hannett has quite clearly not the same stature as a House of Assembly resolution, it seems to me that there is something to be said for the Government's passing this communication on to New York as requested. Although they may do so, I do not think we should encourage the people of the Territory to petition the United Nations direct; rather we should be encouraging them to address their problems to the Administering Authority. If in so doing they indicate that they wish their petition or communication to go on to the United Nations we should simply pass it on.

Where the communication concerns a matter directly relating to the Territory of Papua and New Guinea, the Government would have the opportunity at that stage, if it wished, to make its own comments to the United Nations. Where, as in this case, it is not directly related to the Territory, the Government acts solely as a channel.

I should be grateful if you would reconsider this question. If you agree that the petition should be sent on, I suggest this be done at the same time as the recently passed House of Assembly resolution on West Irian is conveyed to the Secretary-General.² This resolution has now been received from the Administrator and a copy is attached. I should be grateful if you would arrange to have it conveyed to the Secretary-General.

[NAA: A1838, 936/4/11 part 2]

1 Barnes had conveyed Hannett's request (see editorial note 'The border situation, May-June 1969: Government reaction and public opinion') to Freeth in a letter of 11 June (NAA: A452, 1969/3367). In his letter of 26 June, Freeth had answered: 'I note that it is not a petition under Article 87 of the United Nations Charter. It is not addressed to the United Nations but to the Australian Government, and it relates to West Irian and not to the Trust Territory of New Guinea. It would not therefore seem appropriate that our Mission to the United Nations should convey it formally to the Organization. It is of course open to the petitioners to send it direct to the Secretary-General of the United Nations' (NAA: A452, 1969/2743). Meanwhile, the Act of Free Choice was completed on 2 August. A JIC Current Intelligence Report (CIR) noted that the 'act ... from the Indonesian point of view, was brought to a satisfactory conclusion ... In all eight administrative areas the Consultative Councils set up by the Indonesians decided in favour of incorporation into the unitary State of Indonesia. Stringent security measures by the Indonesians ensured that the conduct of the act was orderly and produced results in their favour' (extract from JIC CIR no. 33 of 1969, undated, NAA: A452, 1969/3856). Jockel opined that the Act had 'impelled the Indonesians into great efforts of indoctrination and, with their traumatic fear of separatism, it has led them into repression which has in turn increased the spread of anti-Indonesian sentiment' (cablegram 1953, Jockel to DEA, 21 July 1969, NAA: A452, 1969/3009).

2 See footnote 14, Document 300.

306 LETTER, BESLEY¹ TO HAY

Canberra, 7 August 1969

SECRET

As I have mentioned, I have been concerned for some time that the Territory Intelligence Committee, whose membership includes representatives of the Defence and Service Departments and the Department of External Affairs, is permitted by its terms of reference to issue reports and assessments on internal developments in Papua and New Guinea and that this information is being distributed to other authorities and the British Solomon Islands Protectorate through the Joint Intelligence Committee of the Department of Defence.²

To my mind this arrangement is open to the following objections—

- The Commonwealth Departments represented on the Committee have no responsibility for the administration of the Territory.
- Information of purely domestic concern is being disseminated to other Commonwealth Departments, and outside Australia, and this may well lead to inaccurate assessments in various quarters regarding the overall Territory situation.
- The arrangement is constitutionally incorrect.

The concept of an intelligence committee constituted on the present lines seems to have developed from the practice followed in British territories in which the services as well as the civil administration were under the authority of the Governor. While such arrangements may have been appropriate for British territories they seem to me to be quite unsuitable for Papua and New Guinea.

I do not question that the other Departments mentioned above have a legitimate interest in internal developments in the Territory and that, where we may have to seek the assistance of the Services in dealing with an internal security situation, they should be kept informed of developments that might lead to such a request. I do not agree, however, that these Departments have any part to play in assessing and reporting on such situations. The only assessments which the Minister and the Department can accept are those which are submitted by you with the advice of your senior officers, and I think it is a matter for the Department to pass information to other Commonwealth Departments.

Under the present arrangements, External Affairs, Defence and the Service Departments contribute very little, I understand, to the intelligence material which is processed by the Committee. Moreover, so far as developments in the civil sphere are concerned, their representatives could do little more than ‘rubber-stamp’ the draft reports furnished by Administration agencies. Apart from the other considerations raised above, one may well ask, therefore, what practical purpose is served by their representation on the Committee, and I think new arrangements ought to be introduced.

1 The letter was signed by Besley over Warwick Smith’s name.

2 Since Barbour’s report of 1968 on the PNG Special Branch (Document 186), and interim changes to the Branch’s staffing structure (footnote 5, loc. cit.), no substantial action had been taken on the reorganisation of the Territory’s intelligence machinery. In a meeting of 8 July, Warwick Smith had re-committed to looking ‘afresh’ at the ‘general question of the Branch’—and notably the status of the TIC was also raised. Whitrod ‘made the point that much of what it does appears unco-ordinated and is passed on without analysis’, while Warwick Smith said that ‘some of its activities did not appear to be those which such a body ought properly to undertake’ (note for file by Besley, NAA: A452, 1968/3943).

In my view reports of internal developments which affect policy formulation (and should therefore be known to the Minister and the Department) should be prepared on a regular and where necessary on an ad hoc basis by arrangements established in the normal way (e.g., an appropriate committee of senior Administration officers) and submitted under your authority. Where it was considered desirable to do so, the Department could pass information from these reports to other Departments with a need to know. As regards matters of military significance, the Defence and Service representatives in the Territory could prepare their own collective reports for transmission to the Department of Defence and information of mutual interest could be exchanged between them and the Administration under whatever local liaison arrangements you thought it necessary to set up for this purpose.

I would like to make an early submission to the Minister along these lines and, before doing so, would appreciate your comments.

[NAA: A452, 1968/3943]

Bougainville: conflict over coastal land

Following the decision in late February to acquire both European and indigenous land for a mining town and port,¹ the Administration had met with continuous opposition. On one hand, the Managing Director and part owner of Arawa Plantation, F.R. 'Kip' McKillop, campaigned vigorously against repossession of his property. Meeting with Hay in March, he said he wanted to 'ascertain ... the real purpose of the Government's decision'; he had heard that CRA had not requested Arawa and had 'therefore felt bound to conclude that the acquisition had been decided for political reasons'.² Hay replied that 'the decision had been made on the basis that the town site now offered to C.R.A. ... was the most suitable in all the circumstances'. McKillop made clear that he was seeking legal advice, adding that 'he felt the Government's legal case was watertight but that its moral case was very weak'.

A public dispute soon erupted. Speaking on McKillop's behalf, the New Guinea Planters' Association described the resumption as 'odorous, discriminatory and a sop to the United Nations'³—claims denied by Barnes and Hay.⁴ The Association simultaneously communicated with the Prime Minister, asking him to establish an inquiry that would investigate Government policies on Bougainville.⁵ The credentials of public servants advising the Administration were also questioned.⁶

Analysing the row, Hay commented to Warwick Smith that the

agitation of the Planters' Association ... is an understandable response in defence of one of its members who has made an outstanding contribution to the agricultural development of the Territory. It is, however heavily influenced by sectional interest, and is uninformed as well as being unsympathetic to the proposed copper mining project. This is no doubt partly due to the fact that because of its magnitude the proposed operation will dominate the industrial life of the Territory for many years to come, and it will possibly seriously disturb the industrial relations between the planters and their labour.⁷

Hay advised that a 'more detailed' explanation of the Arawa decision be given to the Association as well as the House of Assembly and the public. Acting Prime Minister

1 See Document 260.

2 Telex 2310, Hay to Warwick Smith, 31 March 1969, NAA: A452, 1969/2160.

3 *South Pacific Post*, 11 April 1969, NAA: A452, 1968/6220.

4 See the *Australian*, 11 April 1969, and press release by Hay, 10 April 1969, NAA: A452, 1969/2160.

5 See *Canberra Times*, 23 April 1969, NAA: A452, 1969/2217.

6 As a consequence of public criticism, there developed in DOET a sensitivity to its lack of direct experience of Bougainville. Gregory reported that CRA and the Administration had commented on this inexperience, and he remarked to Mentz that 'We definitely have a soft spot in regard to the number of senior Departmental officers who have visited Bougainville in recent years. Mr. Gutman is the only one who has visited the area and that was for a few days about 1 ½ – 2 years ago'. Gregory recommended that the Department's representatives to the next joint meeting with CRA and the Administration be authorised to 'visit Bougainville; look over the Company's operations ... and to gain a first-hand picture of the situation on the ground'. His suggestions were approved (minute, Gregory to Mentz, 17 June 1969, and marginal note by Gutman, 30 June 1969, NAA: A452, 1969/3026. See also minute, Mentz to Gutman, NAA: A452, 1969/2217).

7 Memorandum, Administration (Hay) to DOET, 1 May 1969, NAA: A452, 1969/2217. (Hay also mused that 'It is not expected that any explanation will be acceptable to the native people whose land will be required for the townsites or for other associated purposes'.) Two days before, Hay had been optimistic that the Association would be less militant in future, telexing Canberra that 'the President told me ... that he felt the Association had now discharged its obligation to McKillop and did not contemplate further statements' (telex 2948, Hay to Warwick Smith, 29 April 1969, *ibid.*).

John McEwen subsequently provided the Association with a fuller defence, but his reply was uncompromising nevertheless. He noted that the 'project has been under intensive investigation for some five years' and argued that McKillop was 'subject to the provisions of the law as are the owners of native land'.⁸ Resumption, he remarked, 'not infrequently occasions disturbance and inconvenience' and the Bougainville operation, because of its size and complexity, had and would continue to 'raise ... difficulties', yet he 'hope[d] that in working towards a solution of these problems, the Administration will be able to look with confidence for the support and co-operation of important Territory organisations such as the New Guinea Planters' Association'.

The Government was not entirely rigid. In spite of its determination to take Arawa, and its confidence—shared by the company—that any lawsuit by McKillop would 'amount to nuisance value only',⁹ DOET believed there were significant advantages to negotiating a sale. It wanted to 'encourage the native owners of adjoining lands also to sell their land and avoid any possible hostility'¹⁰ and a sale would also give the Administration more secure long-term control of the land.¹¹ Moreover, CRA had expressed concerns that delays caused by legal proceedings would be 'most expensive'.¹²

The desire for a settlement was not easily translated to reality; McKillop proved a tough negotiator. Apparently after wrangling with McKillop and his legal advisors—and toward the end of a week's extension granted the planter by Barnes¹³—Hay phoned Canberra on 1 July and said reluctantly that it 'looked as though there would be no sale and he expected that it would be necessary to decide later today to compulsorily acquire the property'.¹⁴ This was, in fact, 'narrowly avoided'.¹⁵ On 2 July, an agreement was reached with McKillop, whereby he would not advance a lawsuit and the Administration would not gazette acquisition; the property would be sold pending resolution of ongoing disagreement over capitalisation and future yield and price projections.¹⁶ And yet final settlement proved elusive. In early August, Barnes forwarded a re-drafted agreement, accompanied by a warning that this would have to be signed within four days.¹⁷ McKillop's solicitors rejected both the deadline¹⁸ and, after consultation,

8 Letter, McEwen to J.H. Adams (President, Planters' Association of New Guinea), 13 May 1969, NAA: A1209, 1969/7961.

9 Letter, P.H.N. Opas (Group Legal Officer, CRA) to P. McKinnon (Crown Law Department, PNG), 26 June 1969, NAA: A452, 1969/3174.

10 Minute, A.C.H. Campbell to Ballard, 31 July 1969, *ibid.* Writing of the risks of purchase, Campbell commented: 'One danger ... was that values might be higher than those resulting from compulsory acquisition with a corresponding increase not only in adjoining native lands, but in land purchases throughout the Territory ... Another risk which we take in purchasing Arawa and having to [compulsorily] acquire adjoining native land with a possibility of paying less for it is the appearance of discrimination against the natives'.

11 For the legal implications of the mode of acquisition, see *loc. cit.* and minute, Evatt to A.C.H. Campbell, 11 March 1969, NAA: A452, 1969/2160.

12 Letter, Opas to McKinnon, 26 June 1969, NAA: A452, 1969/3174.

13 Minute, A.C.H. Campbell to Mentz and Gregory, 1 August 1969, *ibid.*

14 Minute, Besely to Warwick Smith, 1 July 1969, NAA: A452, 1969/2160.

15 Minute, A.C.H. Campbell to Mentz and Gregory, 1 August 1969, *ibid.*

16 Telex 5086, Hay to DOET, NAA: A452, 1969/3174.

17 Letter, Barnes to solicitors Allen, Allen and Hemsley, 4 August 1969, *ibid.*

18 Letter, Allen, Allen and Hemsley to Barnes, 6 August 1969, *ibid.*

the substance of the re-draft.¹⁹ The brinkmanship between the two groups continued until later in August,²⁰ when Territories forced the issue. Besley rang Ballard—who was involved in the negotiations—and ‘stiffened him up’; Ballard was told that ‘Entry to the plantation could not be qualified in any way’; that ‘An agreement must be reached by midnight’; and that ‘A breakdown in negotiations might be the best way out if a suitable excuse were available’.²¹ A phone call from Ballard ‘at about midnight indicate[d] that a settlement was made’.

Running alongside the dispute with McKillop was the ongoing conflict with coastal native landowners.²² In a situation report of early July, Hay warned that the ‘attitude [of] Arawa and Rorovana [villagers is] now much firmer’ and that the ‘likelihood [of] violence [in] Rorovana [is] increasing; due [to] continual visits by politicians, Government officers, etc, people consider their case, presented on each and every occasion, [has been] ignored and tempers are now strained’.²³ Hay convinced CRA to delay any sizeable occupation until the end of the month while recommending to Canberra a two phase strategy for dealing with the problem.²⁴ The company could be granted immediately a lease of 600 acres for pressing needs followed, on 1 August, by ‘Operation Rorovana’. The last would involve the injection of police reinforcements with helicopter transport. Both phases would be complemented by an intense public relations exercise in Bougainville. Hay discussed the plan with his Executive Council, a majority of which was supportive, ‘with minority opinion advocating rather firmer action’.²⁵ Barnes approved the idea, subject to various tactical measures designed to avoid violence and distance the Administration from blame should problems occur.²⁶ He reaffirmed his approval on 28 July after the failure of a last attempt by Newman to persuade the people to sell or lease their land.²⁷

19 Letter, Allen, Allen and Hemsley to Barnes, 13 August 1969, *ibid.*

20 See, for example, note for file by Besley, 18 August 1969, *ibid.*

21 Minute, Mentz to unidentified recipient, undated, NAA: A452, 1969/4122.

22 For background, see footnote 4, Document 260 and footnote 3, Document 286.

23 Telex 5780, Hay to DOET, 7 July 1969, NAA: A452, 1969/3026.

24 Telex 5292, Hay to Warwick Smith, 9 July 1969, NAA: A452, 1969/3092.

25 Telex 5382, Hay to Warwick Smith, 11 July 1969, *ibid.* Some in the Administration and Department also advocated a harder line. See, respectively, telex 5292, Hay to Warwick Smith, 9 July 1969, *ibid.*, and minute, Mentz to Warwick Smith, 10 July 1969, NAA: A452, 1969/3848. Mentz wrote that he was ‘inclined to feel that [the] Administrator (rather than [the] Administration) is delaying too long in grasping the nettle—[this] may prove counter-productive’. Warwick Smith responded in the margin ‘No’.

26 Telex 6930, Warwick Smith to Johnson, 16 July 1969, NAA: A452, 1969/3092. Barnes was influenced by the tactical advice of Brigadier Campbell. For Campbell’s assessment, see note for file by Besley, 11 July 1969, *ibid.*

27 Submission, Mentz to Barnes, 28 July 1969, *ibid.*

307 TELEX, HAY TO WARWICK SMITH

Port Moresby, 12 August 1969

UNNUMBERED. CONFIDENTIAL

1. I refer to your memorandum of 22nd July 1969, addressed to me and in which you directed that I should move to Bougainville to assume control of police in the region as there were indications that disturbance of some size could possibly develop.¹

2. I arrived in Bougainville at 8:15 a.m. on 26th July, and on that morning I had a discussion with the District Commissioner² and Inspector Gascoigne.³ I later visited Loloho with the inspector, Loloho being about one mile from the point where it was intended to conduct a survey of Rorovana land.

[*matter omitted*]

4. On Monday morning, 27th July, with the District Commissioner, I flew in a helicopter over the entire area involved in the operation. We landed on the beach at the site where the survey was to commence and I saw that the area consisted of a young coconut plantation with a good deal of undergrowth and a narrow beach.

[*matter omitted*]

7. In discussion with the District Commissioner and Mr Brown,⁴ we decided that the survey should commence on the beach where we had landed in the morning, mainly because this was the furthestmost point and if the people of Rorovana intended to oppose the survey and take action to prevent it, this was the most likely spot they would choose.

8. We decided that we would take the full police complement with us on the day the survey commenced as by doing this a show of police strength could well deter the people from opposing the survey.

9. Also on 27th July I received a report from a reliable source that Mr McKillop of Arawa Plantation had been spreading a rumour around Kieta that 6,000 people would oppose the survey when it commenced on the following Friday. A further rumour was that Middlemiss, also of Arawa plantation, intended to supply two shotguns to Rorovana people on the Friday to 'assist in defending their land'. It was also said that the Guava people were moving down into the area to assist the Rorovanas.

10. Because of these rumours I decided to take the trained riot unit from Barapina to Loloho when the survey commenced to reinforce the other units.

[*matter omitted*]⁵

13. On 13th July a report was received that McKillop was spreading a further rumour that 4,000 peoples now would be involved when the survey commenced. He had said that they would offer passive resistance and would attempt to disorganise the surveyors by sitting

1 Not printed.

2 D.N. Ashton.

3 K.R. Gascoigne, position unidentified.

4 W.T. Brown, Deputy District Commissioner, Bougainville.

5 Matter omitted refers to Middlemiss' admission of loaning a shotgun to an indigene and to the decision to charge him. During this exchange, Middlemiss said 'he did not want violence ... but ... he was worried over the fact that some "hotheads" due to arrive in Rorovana could be expected to urge and incite the people into violence'. Hay also wrote that unregistered guns were seized from McKillop and police were considering the laying of charges. McKillop showed 'no animosity ... nor [did he make] any reference to land or political matters'.

in the line of survey etc. in the hope that police would kill one of them and that they would then call in all of the surrounding villagers numbering in the vicinity of 10,000.

14. The first police unit arrived on the afternoon of Tuesday 29th July and was quartered in the police barracks for the night. It moved to Loloho the following day. The final police unit arrived at 5.35 p.m. on 30th July and went straight to Loloho. This then made a total of 70 other ranks police in all and three officers besides myself at Loloho.⁶

15. Because of the rumours which were spreading in Kieta I considered it wise to contact the Deputy Crown Solicitor in Rabaul, Mr Norris Pratt, and I requested him to fly to Kieta on 31st July. I did this because I felt that certain points of law require[d] clarification.

16. When Mr Pratt arrived in Kieta, he, the District Commissioner, Mr Brown, Inspector Gascoigne and I discussed the problems of both passive and active resistance by the people of Rorovana and we finally decided that if the people did prevent the surveyors or attempt to prevent the surveyors from entering on to the land in dispute they committed an offence under section 18(5) of the Survey Ordinance. We considered that the surveyors and their assistants had legal right of entry and that the police had a right to escort them on to the land. It was also agreed that a discretion for arrest lay with the police who, in this particular case, were interested only in seeing that the surveyors and their assistants were able to carry out their work and not in making arrests. I considered that it was in the best interests of the people not to arrest them and that it was incumbent upon me to prevent a breach of the peace between surveyors, their assistants and the people.

17. On the evening of 31st July I was told by a reliable source that Mr Travers,⁷ a solicitor from Melbourne, who was visiting Kieta at time, had a meeting with the leaders of the Bougainville people and had advised them that they should attempt to create some small incident on the Friday when the survey commenced in an endeavour to assist them in their case regarding land both then and in the future. It was not clear what form the small incident was to take.

18. At 4.45 p.m. on Thursday, 31st July 1969, I addressed all of the officers who were to participate on Friday and briefly outlined for them the legal aspects of the exercise. I told them of the authority for the surveyors to enter the land and for the police to accompany them. I stressed the fact that our duty as police officers was to maintain law and order. I outlined the rumours I had heard and I told them that although I did not anticipate any real violence, I did believe that the people would argue and probably attempt to remove survey pegs etc. I thought at this time that Travers had possibly advised the people along the lines that Australians would be advised as he had come from Melbourne and I had been told(?)⁸ that he had not visited the Territory before.

19. I instructed the officers that they were to hold their platoons very steady and that I would be solely responsible for issuing orders. That they would take note of my orders and under no circumstances were they to act on their own initiative or permit their police to do so. I pointed out to them that if women and children were involved, and there most probably would be, that under no circumstances were they to allow the women and children to be injured. They were to see that they were removed quietly. I told them it was

6 Hay was convinced that the use of substantial numbers of police was the best means of preventing violence (see footnote 4, Document 310, for discussion of this concept in relation to the Gazelle; Hay has made clear that it also underlay his approach to problems on Bougainville (see Hay interview, 1973-4, NLA: TRC 121/65, 6:2/28)).

7 Kevin Travers.

8 Query perhaps inserted in the original by a communications clerk; indeed, a word or phrase seems to be missing in this sentence.

not our job to cause a situation and we were there mainly for the purpose of maintaining law and order.

20. On the morning of Friday, 1st August, 1969, I addressed all of the police in Loloho on parade and I told them the nature of the exercise to be carried out that day ...

21. The police party left Loloho at 7.15 a.m. and escorted the survey party to the southern edge of the disputed ground ... As the police and the survey party were making their way through a coconut grove, at 7.50 a.m. near the beach, a large group of male natives were met, Middlemiss from Arawa was with them. I spoke with these people and they stated that nobody was to enter on to their land particularly the surveyors. I told them that the law said that the surveyors who were with us could enter and I tried to persuade them to leave. The District Commissioner arrived then and also spoke with the people.⁹ They did not appear to be armed. They told the District Commissioner that they would not listen and the situation was very tense. The people also said that they would resist any action by the surveyors.

22. I therefore deployed each riot unit, called an escort for the surveyors and instructed them that if the people became very hostile they were to escort the surveyors back to Loloho. I then took up a position at the head of the party and moved through the people. No action was taken to prevent us moving forward.

23. At 8.25 a.m. we reached the point at which the survey was to commence and the first cement peg was positioned. The police units were deployed in the coconut grove and the beach area. I estimate that about 250 Rorovana people were present at this time.

24. The District Commissioner addressed them through a loud hailer at 8.25 a.m. and immediately after this a group of them rushed forward and tried to pull the survey peg from the ground. These comprised mainly women. I immediately had the escort of police form a tight circle around the peg. I moved into the centre of the circle of police and instructed them to keep the people off only by pushing with their batons. They did this[. W]hilst they were engaged I continually asked the people to resist.¹⁰

25. All of the people gathered were excited and there was a good deal of shouting. A number of them moved from the beach area into the coconuts and bush. There were, in all, three or four concerted rushes by the people to get at the peg and in between these rushes individuals attempted to crawl through the legs of police and remove the peg.

26. About 8.55 a.m. after a struggle, the people did manage to pull the peg from the sand and rolled it about ten feet down a slight incline. Following this, loud cheering broke out and the people picked up another spare cement peg which was lying nearby and carried it off along the beach, apparently to be used as a symbol of victory.

27. By 9 a.m. most of the people had moved along the beach to Rorovana and by 10 a.m. the area was clear. Following the arrival of the theodolite about 9.50 a.m. the survey commenced and the surveyors were escorted by baton carrying police.

28. On Saturday, 2nd August 1969, the survey continued with police escort and they found that the peg inserted in the ground the previous day had been removed and thrown aside. There was also a rumour that the local people had said if bulldozers were used or trees cut down they would unite and fight for their rights. During the weekend things remained quiet.

9 In a private interview, Hay later opined that Ashton 'over-reacted to the very difficult situations he found himself in in 1968 and 1969 and finally, at the confrontation near Kieta in August of 1969, he appeared with a tin hat on his head ... He looked like a police officer ... because he was with a police riot squad with all their equipment—and that was the last thing that a field officer should do and get himself photographed in the paper' (Hay interview, 1973–4, NLA: TRC 121/65, 3:2/5).

10 Presumably, this should read 'desist'.

29. On Monday 4th August I talked with the bulldozer drivers and told them what to do in case of an emergency and also that they were to be particularly careful to watch for people sitting in the paths of their dozers. At 1.45 p.m. the surveyors, two bulldozers and four platoons of riot police moved again into the disputed area. The bulldozers followed certain contours and magnetic readings were taken by the surveyors. Clearing took place and there was no sign of opposition from the local people.

30. By 4.30 p.m. all had arrived back at Loloho. One of the bulldozers, however, was bogged down in bush in the survey area and so at 7.45 p.m. on Tuesday 5th August, together with Inspector Power¹¹ and a platoon and a half of police, I went to the northern boundary of the disputed land in an effort to locate the bulldozer.

31. When we arrived at the northern boundary we contacted about 20 male persons including Raphael Bele.¹² I spoke with these people and they said they were waiting to talk about the land. I told them that the District Commissioner would be along shortly and they could discuss this matter with him. Power and I then continued on in an endeavour to locate the bulldozer.

32. Whilst walking along the track which had been cut the previous day, we met about 25 men and women. One of the women had a small child aged about five or six years with her. Because it was obvious that many people were moving towards the boundary we decided to abandon the search for the bulldozer and return to the boundary area where the District Commissioner was and where the rest of the police had arrived. The District Commissioner told me that the people had said that they would oppose the bulldozers and surveyors entering on to their land and would in fact throw themselves under the dozers.

33. I estimate there were 65 people in all in the area and I considered that the child could have been brought as a sacrifice to be thrown under one of the bulldozers. Because of this I arranged for a constable to be detailed to specifically watch this woman and the child during any operation which may follow. It was noted also that some of the men as they arrived carried bush knives with them but they walked into the bush nearby and came out without them. Because of this a platoon of police was deployed in the area near where they had put their knives.

34. At 8.15 a.m. the bulldozer started up and all of the people gathered in the area moved and stood in front of them and a number of the men removed their shirts. They were addressed by the District Commissioner and told that the work must go on and that the police were there to see that nobody was hurt. I also spoke to them and told them that the police were not there to cause any trouble and that the surveyors and dozers had a lawful right to do their work and that the people should move off quietly and go about their business. They were addressed twice by the District Commissioner and twice by me.

35. They indicated they would not move and that they preferred to die rather than do so. I told them that if they did not move that police would be used to disperse them if necessary. They refused to listen to this advice so I then ordered that police flank the dozers and that a baton wave with shields move forward and try to push them from their positions. I instructed that nobody was to be hit with batons and that police were to use their shields in line, in an effort to dislodge the Rorovana villagers.

36. The people resisted strongly and outflanked the police in some cases. Many moved towards the dozers. There was a good deal of scuffling with people and police falling over on to the ground.

37. The area in which this took place was very confined and the ground, newly cleared, was heavy and slippery. The people were very excited at this stage and it was evident that

11 Initials and position unidentified.

12 Rorovana leader and local politician.

police could not possibly move them without injury, or without injuring them. It was also clear that fighting was about to break out.

38. To prevent a breach of the peace or injury to the people I ordered that tear smoke should be laid down. A smoke grenade was tossed in front of the people but was not sufficient to move them, so several more were fired. The women in the crowd dispersed but it appeared that many of the men were not unduly affected. Several of them wrapped their shirts and singlets around the lower portions of their faces.

39. The police baton wave moved forward again in an attempt to clear the area. No batons were used. Finally after about 20 minutes the smoke had the desired effect and the crowd moved off through the bush. Light rain was falling at the time and the smoke quickly cleared. The surveyors and the bulldozers then began moving. Police preceded them.

40. After progressing about 200 yards on the track formed the previous day we again met the crowd of Rorovana people who had reformed in the middle of the track. They were very excited and there was a good deal of shouting and gesticulating. They were again addressed by the District Commissioner and I also spoke to them in the terms that I had done before. The men were in front of the women at this time and moved towards us in an aggressive manner as we approached. Two smoke grenades were fired as the men rushed at the police.

41. Again using considerable restraint the police lined across the track shoulder to shoulder with shields extended as buffers. After a minute or so it was clear that batons would have to be used and I ordered that the police strike at legs only which they did from under their shields.

42. After a very short while, Raphael Bele sang out and the people moved back. I was told later that one of the Rorovanas had received a very small laceration to his leg when he slipped over and as the people considered that blood had been drawn, and this was what they wanted, they retired. As they did so, all of them shouted and waved with clenched fists at the police. It was hard to determine exactly what was said but some of the police later stated they were shouting abuse and that they would 'pay the police back'.

43. No more was seen of the people that day and clearing and surveying continued. The count made later showed that 45 grenades and cartridges had been fired—many into surrounding bush as a precaution against attack from any unsighted persons who were hidden there.

44. Mr Ellis, Secretary to the Department of Administrator, arrived in Kieta the morning of Thursday 7th August and he has given particulars of one or two instances.¹³ The following morning, after Mr Ellis had received reports from all field staff, it was decided to withdraw the Port Moresby unit from Loloho area and post it to Rabaul. The Mt Hagen unit, supported by the Barapina unit, remains in the area.

45. I departed Kieta on Friday 8th August 1969, with Mr Ellis and returned to Port Moresby. Telephone reports from Inspector Gascoigne received since, indicate that all remains quiet in the Rorovana area.¹⁴

[NAA: A452, 1969/3921]

13 Ellis later reported to Hay: 'My investigations reveal that the actions by the Police in both clashes with the Rorovanas recently were carried out by all ranks with great circumspection and restraint and, in my opinion, reflected great credit on the officers and men concerned who were undoubtedly confronted by a difficult situation' (minute, Ellis to Hay, 9 August 1969, NAA: A452, 1969/4123).

14 The PNG Public Solicitor, Peter Lalor, informed Hay that the police action of 5 August was 'illegal', an opinion that Hay was later told 'is not strictly accurate'. The Administrator noted that Whitrod was informed the action was legal because it was directed only at the conduct of a survey. Hay also recorded that Lalor's submission was made in the context of a request that a similar course not be taken on the land of the Pakia people (whom Lalor represented) without a court order. The Administration suggested to CRA that it take out court orders on all its land holdings (telex 6199, Hay to Besley, 8 August 1969, NAA: A452, 1969/3767).

Bougainville: reaction to Rorovana

Events at Rorovana provoked a strong response from the Australian press. In a headline story accompanied by a photograph of a bare-breasted woman struggling with a policeman, the Age gave prominence to a comment by Leo Hannett that the action was a 'typical Gestapo approach'.¹ An editorial of a day later spoke of the 'island tragedy' and the 'wave of revulsion throughout this country and the world'.² Similar front page treatment was given in the Australian and the paper devoted a separate article to Hannett in which he said that 'if they try to push us around we will fight ... a real guerilla war'.³ On the 7th, an editorial in the same newspaper was headed 'Tear gas in the name of progress' and it spoke of 'rigid paternalism' while opining that the suspension of the project was a 'fact [that] must be faced'.⁴

Barnes and the Administration attempted to anticipate and counter this wave of protest. On 6 August, Barnes had said that police action had been 'regrettable' but 'necessary'.⁵ He remarked that the House of Assembly had approved land acquisition in Bougainville and that landowners would be given 'fair compensation'. Finally, he rehearsed the Government's firm belief that 'the success of this project would have momentous effect on the prospects and progress of the Territory'. Newman developed this line further in an Administration statement. He said that the mine 'promised to be the biggest single factor in reducing the Territory's present economic dependence on outside aid' and it 'could bring forward by many years the date by which economic self-reliance was achieved'.⁶ The Administration would, he said, 'be failing in its duty' if the Territory 'lost an opportunity of this magnitude'.

A week later, and under pressure from the Labor Party Opposition, Barnes spoke on the matter in parliament. He had been advised by Hay 'not [to] attempt to play down the strength of the feelings of the Rorovana and other coastal people on the land question, or discount the possibility of resistance by the Arawa people in due course'.⁷ But at the same time Hay thought Barnes might 'point to the similarity' between the situation on the coast and that pertaining to the mine site in 1966–7, where there had been conflict and whose people were 'now reconciled' to the project and were receiving 'generous compensation'. Barnes stressed this second point and referred to the possibility that conflict could occur elsewhere in the Territory as the Government confronted 'problems of transition into a modern world'.⁸ In the main, though, his speech laid emphasis on the 'gigantic benefits' that would accrue to the Territory—and on the efforts the Administration had made in planning the project and communicating it to the people. He said the Government 'made no apology for the Agreement', considering it a 'spectacular contribution'.

1 *Age*, 6 August 1969, NLA: mfm NX 41. Hannett was in Australia to campaign against the resumption of Bougainvillean land.

2 *Age*, 7 August 1969, *ibid*.

3 *Australian*, 6 August 1969, NLA: mfm NX 48.

4 *Australian*, 7 August 1969, *ibid*. During August, there were 17 editorials on Bougainville in Australian newspapers. For a summary, see 'Monthly digest of Australian newspaper editorials', no. 8, August 1969, NAA: A452, 1969/3921.

5 Press statement by Barnes, 6 August 1969, NAA: A452, 1969/3092.

6 Telex 6136, Hay to DOET, 6 August 1969, *ibid*.

7 Letter, Hay to Warwick Smith, 8 August 1969, *ibid*.

8 *Commonwealth parliamentary debates* (Reps), vol. 64, 12 August 1969, pp. 15–18. For debate on the issue, see *ibid.*, pp. 22–30 and pp. 114–23.

Ironically, a compromise came from those previously seen as obstructionist.⁹ In mid-August, Paul Lapun and Raphael Bele arrived in Australia in what was described as a mission 'to keep Rorovana and Arawa in the hands of the villagers'.¹⁰ It was said that they would seek a High Court injunction to prevent the resumption of land in two areas.¹¹ Behind closed doors, the pair were more conciliatory.¹² In a meeting with Barnes on 19 August, they said they did not want to make 'an immediate approach' to the High Court as they preferred to negotiate a solution with the Government and CRA.¹³ A day later, they met with CRA Chairman Sir Maurice Mawby—who offered to re-plant Rorovana cocoa and coconut crops over an area equivalent to that lost—and after returning to Canberra, they met with Prime Minister Gorton and again with Barnes.¹⁴ Gorton 'reacted favourably' to a suggestion that there be direct negotiations between the company and the people—a *modus operandi* that Barnes affirmed, and with which he said CRA agreed, 'provided it was in association with the Administration'.¹⁵ Barnes said negotiations could be 'comprehensive in scope', including compensation on the basis of the same principles as applied to Arawa plantation and extending to 'social and other factors as put forward by Lapun'. The Minister apparently had some success in bringing Lapun and Bele his way: 'the whole discussion was on the basis that there could be no alternative to [CRA's use of] the Rorovana land and that there seemed little, if any, possibility of an alternative to Arawa land'. What remained imbued the 'general atmosphere' of the talk—'an agreement to the concept of broadening out the area of consideration and action to help the Rorovana and later the Arawa people to make the general adjustments'.

Talks in Bougainville on the elements of an agreement occurred over a number of days in September.¹⁶ On the 10th, Barnes announced that they had 'reached an advanced stage including agreement by the people to the use of the land concerned'.¹⁷ The landowners were to agree to a 42 year lease and were to be compensated in the form of cash, shares and infrastructural relocation and replacement. By December, the agreement had been signed, and negotiations with Arawa villagers were reported to be 'continuing in a friendly atmosphere'.¹⁸ Concurrently, the Administration and CRA had decided that the town of Arawa would be 'a normal Territory town catering for Government, Company and other interests'.¹⁹ The company was to be the construction authority with the Administration paying 60 per cent of design and engineering costs.

9 See Donald Denoon, *Getting under the skin: the Bougainville Copper Agreement and the creation of the Panguna Mine*, Melbourne, 2000, pp. 125–41. Denoon describes the association of Lapun and Bele with Napidakoe Navitu, a south Bougainville political group whose leadership Canberra and Port Moresby considered irresponsible.

10 *Australian*, 18 August 1969, in NAA: A452, 1969/4123.

11 *loc. cit.*

12 Hay has suggested that MRA may have influenced the pair in this direction after their arrival in Australia (Hay interview, 1973–4, NLA: TRC 121/65, 6:2/7).

13 Telex 8096, DOET to Administration, 19 August 1969, NAA: A452, 1969/4123.

14 Record of conversation between Barnes, Lapun and Bele, 21 August 1969, *ibid.* Gorton had been drawn to take an interest in Bougainville as a result of the events of early August. He rang Barnes on 8 August and asked that daily situation reports be submitted to him (minute, Mentz to Gutman, 8 August 1969, NAA: A452, 1969/3921).

15 Record of conversation between Barnes, Lapun and Bele, 21 August 1969, NAA: A452, 1969/4123.

16 See Bougainville situation reports in NAA: A452, 1969/3618.

17 Statement by Barnes to House of Representatives, 10 September 1969, in NAA: A5010, 189/3/1, part 1.

18 Minutes of Bougainville Joint Committee, 2 December 1969, NAA: A452, 1969/3848.

19 See Bougainville progress report for September–November 1969 (tabled in the House of Assembly on 19 November) attached to memorandum, Administration (Hay) to DOET, 21 November 1969, *ibid.* For details of infrastructural planning, see NAA: A452, 1969/2161.

308 LETTER, FREETH TO BARNES

Canberra, 22 August 1969

Thank you for your letter of 4th August, 1969, in relation to the petition submitted by Leo Hannett and the motion of the House of Assembly on West Irian.¹

I have given careful consideration to the points raised in your letter, which I must confess raise difficult issues of international procedure and practice.² I have come to the conclusion that we need to have regard, in approaching these matters, to manifestly political considerations, both in regard to our relations with the people of the Territory itself and our relations with other nations.

I have noted that in the case of Mr Leo Hannett's petition, the petition does not relate to the administration of the Territory, but rather to the conduct of a foreign government in a foreign territory and the alleged attitude to it of the Australian Government. In addition, it is not a petition to the United Nations but one addressed to the Australian Government.

In regard to the motion of the House of Assembly, I have noted that it also contains references to a foreign government's conduct outside of the Territory itself, although it also refers to the Administration's handling of the border situation; and like Mr Hannett's petition, it is accompanied by a request that the motion be conveyed to the United Nations. This is the second resolution on foreign affairs that the House of Assembly has asked the Australian Government to convey—the first being a protest last year about the Soviet Union's invasion of Czechoslovakia, which was conveyed to the Soviet Embassy in Canberra.

In principle, I feel that there could be considerable potential embarrassment to the Australian Government in being in the position where it could be asked at any time by the legislature of an external territory to convey its views to international organisations.

1 Document 305.

2 In an undated submission to Freeth on Barnes' letter of 4 August, Booker wrote that the 'main disadvantages of conveying [Hannett's petition] appear to be that it is critical of the Indonesian and Australian Governments and our conveying this private petition to the United Nations might give rise to Indonesian doubt about our motives ... It might be wondered whether there would be any real loss to the Administration if private petitioners communicated directly'. Booker was afraid that if the Government passed on the motion a further precedent beyond the Czechoslovakia resolution (see footnote 16, Document 246) would have been created—and this in turn could generate added difficulties: 'If next time the House should pass a motion condemning Indonesia's administration of West Irian and calling for United Nations intervention, and ask the Australian Government to convey the House's protest to the Indonesian Government and its request for intervention to the United Nations, this precedent would make it more difficult for the Australian Government to avoid carrying out the House's request. If the Australian Government passed on to the United Nations the House's request for its intervention ... it might be difficult for the Government to persuade the Indonesian Government that it was in no way responsible for its action'. Booker suggested that the 'safest principle' might be for the Government to refuse to transmit motions on external affairs—though the Speaker of the House of Assembly could do so if he wished (NAA: A1838, 936/4/11 part 2). Plimsoll appended his own note to Booker's submission, remarking that on this 'tricky subject ... opinions are divided in this Department' with Booker's view 'the prevailing view'. Nonetheless, Plimsoll's own view was 'different': he advocated forwarding the resolution to the UN Secretariat, accompanied by a written disclaimer and oral advice that Australia was not asking for the resolution to be circulated to members of the Organization. In future cases, he thought the House should forward resolutions to the UN direct to the Secretary-General. 'There may', he wrote, 'be objections to the latter course, on the ground that the New Guinea House of Assembly would be getting into external relations which are still a matter for the Australian Government. However, New Guinea is edging into independence, and this seems to be a point on which we could start relaxing Australian prerogatives. Otherwise, we may find ourselves increasingly asked to transmit resolutions which the Australian Government does not agree with, and in cases where Australia runs the risk of complicating its relations with, for example, Indonesia' (19 August 1969, *ibid*).

Apart from the question of the constitutional competence of the House of Assembly to act in regard to foreign relations (except in connection with matters arising out of the U.N. Trusteeship), I am concerned that the House of Assembly should not assume that the Australian Government should automatically transmit communications on foreign affairs to foreign governments or international organisations. There is the possibility that the Government could in future be greatly embarrassed if undesirable resolutions were passed by perhaps say a hostile majority in the House of Assembly.

In view of the past precedent in regard to the resolution passed in protest against the Soviet invasion of Czechoslovakia, and the absence to date of any clear and publicly enunciated procedures for the handling of these representations, I am inclined to take the view, in this present case, that the House's resolution should be forwarded to the Secretary-General of the United Nations as requested by the House, with a covering note along the following lines:

'The New Guinea House of Assembly has requested the Australian Government, as the administering authority of the Territory of Papua and New Guinea, to transmit the text of the attached motion to the Secretary-General of the United Nations. The Australian Permanent Mission to the United Nations is therefore doing so but wishes to state that the views expressed in the resolution are not in accord with those of the Australian Government, which is acting in this case solely as a channel of communication.'

I have in mind that when handing the note to the United Nations Secretariat, the Australian Permanent Representative should add orally that he is not asking for the resolution to be circulated to members of the United Nations.

When the House of Assembly is informed of our willingness to meet their request on this occasion, I would think it advisable to suggest lines of procedure for the future and to explain why we feel these procedures should be followed. It is only because there has been some suggestion of a clear precedent in relation to Czechoslovakia, and because no clear guidelines have been set down, that we are raising no objection to the present request.

My view is that there are certain responsibilities which can only be exercised properly in their respective fields by the House of Assembly and by this Government, if each is not to be embarrassed by the actions of the other.

As you know, it is provided under the United Nations Charter that the Trusteeship Council and the General Assembly may accept petitions from a Trust Territory, that is from individuals, groups, organisations and others in respect of matters in the Trust Territory. The House of Assembly accordingly has the right to petition the United Nations direct on these matters. Under other procedures, petitions or complaints concerning the denial or infringement of human rights in the Territory might also be made to the Secretary-General and through him to the Commission on Human Rights. Correspondence with the Secretary-General on other matters is not however precluded and it is open to the House of Assembly should it so wish to communicate with him. My understanding is that the Secretary-General would take action on such communication, other than acknowledging them, only if they could be regarded as coming within the Trusteeship system or the provisions concerning human rights.

I appreciate that the House only wished to follow what it considered to be correct procedures. Furthermore, since at some point of time an elected Government of Papua and New Guinea is likely to be fully responsible for its own foreign policy and defence,

it is wise that the fullest encouragement should be offered to the House of Assembly to interest itself in these matters.

However, while responsibility for defence and external affairs rests, as it does, with the Commonwealth of Australia, then the effective conduct of foreign policy could be embarrassed by the actions taken by the House of Assembly independently of the Australian Government, on matters not related to the administration of its Trusteeship. It would seem that the preferable procedure would be for the House to transmit its views on such matters to the Australian Government, not that they should be conveyed as a separate and perhaps conflicting expression of view to another country or to the United Nations. The public record of any debates and the formal conveying of any resolution would give notice of the views of the House, while the Australian Government would exercise its responsibility for foreign policy, with its authority unimpaired. I would hope that the House of Assembly would accept these suggestions as practical guidelines for the future.³

[NAA: A452, 1969/3367]

309 DRAFT LETTER, HAY TO BARNES

Port Moresby, 31 August 1969

Since my letter of {LH2996 July 10th}¹ I have sent a number of messages on the situation in Rabaul expressing my view that it remains most insecure and that it could be necessary for me, at very short notice, to request authority to use army units in aid of the civil power.²

3 In an annotation of 26 August, Barnes wrote 'I agree'.

1 Not printed.

2 Since elections for the MRC (see footnote 4, Document 277), the Gazelle had continued to be a focus of concern for Territories and the Administration. A lengthy explanation of Administration action was made by Ellis in the House on 18 June (see NAA: A452, 1969/2889) followed by another on the 25th. But the Mataungans persisted. In early July, when Hay travelled to Rabaul for a meeting of the AEC, he was surprised to find that DC West had organised for the AEC to attend the inaugural session of the MRC. Moreover, the MA had scheduled a demonstration for the same time. Thus, Tammur stood 'virtually on the corner of the Council House' and addressed a large crowd as, inside, a nervous attempt was made to conduct an opening ceremony (Hay interview, 1973-4, NLA: TRC 121/65, 4:2/38-9). There followed a tense situation when Hay went to lunch. Ten councillors remained in the chambers while the crowd outside became aggravated and 'a few punches were thrown'. The councillors, who were 'very frightened', requested a police escort and 'they left amid a lot of abuse after which Tammur and his followers literally took over the council chambers'. Because of this unrest, the AEC was forced to meet in the District Commissioner's conference room rather than the council house (see telexes 5028 and 5038, Hay to DOET, 1 July 1969, NAA: A452, 1969/2889). Various responses were given to these expressions of dissent. Attempts were made to ease the land problem: 5,600 acres of land at Kerevat and 2,900 acres at Vunapaladig were earmarked for resettlement—and investigations were instituted regarding the purchase of other land that might be made available to Tolais (minute, Hay to unidentified officer (chairman, Land Development Board), 8 July 1969, NAA: M1866, 4. Barnes was also anxious to expedite the process of land appeals in the courts; see memorandum, DOET (Warwick Smith) to Administration, 8 August 1969, NAA: A452, 1966/3928). A 'communication exercise' was also ordered. Hay wrote that Radio Rabaul and 'other means' needed to be used to propagate a number of themes, including that the MRC had been elected and 'must be permitted to go about its lawful business without interruption'; that those opposing the council had chosen not to participate in the democratic process by putting up candidates who supported their views; and that 'reasonable publicity' should be given the council in its efforts to deal positively with problems like land shortage. Hay also advised that 'We need to pay particular attention to the feelings of the younger generation ... [to] how best to keep a dialogue going with them' (minute, Hay to Johnson (in his capacity as Chairman, Public Relations Advisory Committee), 7 July 1969, NAA: A452, 1969/2889). In Canberra, Ballard established a Gazelle working group charged

I have now had a full-scale review of the present situation and the likely future developments. I attach a secret report and attachment prepared by the Special Branch.

I also attach an assessment prepared within the Administrator's Department in consultation with the District Commissioner and his staff.³

As I see it, the main elements in the situation are:

- (a) The present Council is weak, with a small electoral base (in ...⁴ wards the vote was less than 5%). The decision to enlarge the Council area to include previously anti-Council groups and also Europeans and Chinese, arose from recommendations from the previous Council, but these were not entirely spontaneous, nor were they clearly understood by Councillors and electors.
- (b) The opposition to the Council is, by contrast, well-organised and well, if not rationally, led. Tammur has fewer followers overall—perhaps one third of the total, but his leadership group appears to be determined, and emotionally inclined towards violence.
- (c) There are many complex and often contradictory streams of opinion. There is a contest between young and old for leadership. There is, on the part of many younger men, a vigorous anti-European and anti-white sentiment. There are widespread frustrations about land. There are many idle young men, very slightly educated, discontented and ready to follow a strong lead—a kind of urban proletariat except that it lives outside the town area. There is a basically pro-establishment older group, but they have not succeeded in solving the pressing problem of land shortage. There is a mainly oblivious and separated European and Chinese community.
- (d) In these circumstances, the Council has been heavily dependent on the Administration for its effectiveness since the elections in June. While the Administration has committed itself to the maintenance of law and order and has put some positive things in the Council's way (such as the Kerevat Forest land), it has tended to restrain the Council from engaging in tests of strength such as tax prosecutions. And the Mataungan Association has so far stopped short of overt breaches of the law such as physical assaults and trespass on the Council offices and Chamber (though it has threatened all these things). The result has been a diminution of confidence on the part of the Council. Tax collections, now at \$38,000, have slowed. They are less than twice the 'contributions' collected by the Association. Stall holders in the market are refusing to pay their entry fees. More important, deliveries are not being made to the Tolai cocoa fermentary.

Clearly the present situation cannot go on indefinitely. Either the Council will have to be advised to show more fight (and this means committing substantial Administration resources, including police and possibly Army) or else some sort of a compromise has to be reached, which brings the two opposing groups together.

with looking at the feasibility of 'an enquiry into the "causes of discontent" in the Gazelle Peninsula' and with pressing for facilities in Rabaul for faster processing of land appeals. The group was also to stay in touch with Besley and Legge over the possibility—raised by Hay—'of calling out Defence Forces' (minute, Ballard to Warwick Smith, 22 August 1969, NAA: A452, 1969/4146).

3 Attachments not printed.

4 Ellipsis in the original.

One such compromise is now under discussion. It involves the enlargement of the number of wards from 38 to 52. It does not, as I understand it, involve any reduction in the Council area (either by eliminating areas in which European and Chinese reside or by eliminating the so-called anti-Council villages). The increase would, however, involve a re-arrangement of ward boundaries, a new proclamation, and a new election as a result of which it can be taken for granted that no Europeans will be elected.

This compromise could be accepted by the Council. Before it comes to the A.E.C. we need to assess the consequences. It may be that for the immediate future the heat will go out of the situation, and the problems of the tax and the support of the Tolai cocoa fermentary will be solved. On the other hand, we must assume that the Mataungan Association will exploit the situation to the full and will contest the elections as a party and try to win a majority of Council seats. If they do this, they may use the Council as a political base from which to seek radical solutions to land problems and probably some form of Tolai autonomy from the rest of the Territory. A new kind of political leader will have emerged, radical, articulate, partially educated, anti-white, tribally motivated and separatist, by no means wedded to western democratic methods—in short, the kind of leader so frequently thrown up in Africa. Such leadership is likely to be intolerant, after some generations when the boot was on the other foot, of the planter and not too interested in economic development. His eyes will be turned elsewhere than to Australia. Though Mission educated, they are not likely to be sympathetic to the Missions. This is a sombre prospect. It is one which could be mitigated by active work on the part of Administration officers of all Departments.

The alternative is, one way or another, to break the Mataungan Association. This will require aggressive action by the Administration, and a preparedness to risk violence. Strong police reinforcements would be necessary and they will have to be trained for a more sophisticated role than in the past. The inevitable use of police in Rabaul will attract the same kind of attention as did the use of police at Rorovana.⁵

[NAA: A452, 1969/4331]

310 TELEX, HAY TO DOET

Port Moresby, 1 September 1969

UNNUMBERED. CONFIDENTIAL IMMEDIATE

Rabaul sitrep no. 6

... Reported 0810 hours today—Damien Kereku, a leader of the Mataungan Association, took possession of Council house keys. Council staff locked out this morning. Keys at present in possession of Melchior, another Mataungan leader who also took possession of keys of three Council vehicles. Keys of cars returned to Council president. Mataungan Association in discussions with Council President stated they want a meeting this Wednesday to be attended by councillors and Tolai Members of the House and twenty two members of

⁵ As he explained later, Hay had intended to give his letter to Barnes as the Minister passed through Port Moresby en route to Canberra but 'on 1st September the situation changed'. Instead, a discussion was held with the Minister on the new situation (letter, Hay to Warwick Smith, 26 September 1969, NAA: A452, 1969/4331).

Association. President told by Association that Council offices and chambers are to remain closed at least until after meeting. They want only market and essential services to continue. Condition is that all other activities cease. Emphasis placed on fact that keys will only be returned on condition of nil activity as requested. At market this morning several concrete survey pegs were thrown out of a truck with remark 'that is what we think of the Australian Government'. These pegs allegedly taken from Rabaul Vocational School. At this stage gathered crowd of approx four hundred definitely unfriendly. At Council house as regional Local Government officer was leaving a voice from inside chambers shouted 'go back to Australia'. Superintendent Parry of police¹ considers situation at 1315 hours was a state of near lawlessness. Both Tomot and Kamaina² were actively exciting crowd to pull out markers. DDA officer Emanuel³ stated situation at 1430 hours market area was quiet. Melchior Tomot has sent messages to MHAs 'Mataungan closed Council house today please come over as soon as possible'. Melchior told crowd this morning that if Wednesday meeting not satisfactory will destroy Council house. Also told crowd not to worry about a hundred or so extra police for the Tolais still outnumber them. Warrants prepared this morning for offences alleged to have been committed by Melchior and Damien over keys incidents have not been executed. Local staff are looking into situation to see what charges could be laid with view to later proceeding by summons. Assessment. Possibility of serious incident before meeting Wednesday decreasing but serious violence could erupt Wednesday.⁴

[NAA: A452, 1969/4001]

1 Superintendent, C.A. Parry, exact position unidentified.

2 This should probably read 'Kumaina'.

3 E.J Emanuel, Deputy District Commissioner, Rabaul.

4 Hay telexed Besley late that evening: 'Latest sitrep indicates some quietening of situation but probable that proposed meeting Wednesday ... will be in effect occasion to deliver ultimatum to Council (and indirectly to Administration) to declare itself out of existence and hand over to Mataungan leaders. Meeting likely to be backed by large and angry crowds of up to 5000 in mood openly to defy Administration. Lawlessness could erupt involving danger to Council house and surrounding areas and assaults on police. Police reinforcements are being sent ... In meantime Defence should be warned of possibility that situation could after Wednesday get beyond Territory resources to cope with. We hope that at least [a] company of P.I.R. could be put on notice for quick move with primary role of guarding key points' (telex 7040, NAA: A1838, 936/4/16 part 1). An associated TIC assessment of 2100 hours read: '1. The situation has deteriorated suddenly and is now tense. 2. There is every indication of serious disturbance in the next day or two with the resultant likelihood of public disorder. 3. The anti-Council campaign shows every indication of being well-planned, well organised and capably led with definite objects in mind. 4. There are positive indications that the peoples' resentment goes deeper than the Multi-Racial Council issue and has its roots in the land question. 5. It is unlikely at the meeting on Wednesday that the anti-group will seek compromise, and every likelihood that it will deliver a series of ultimatums. 6. There are indications that the leaders are confident of overwhelming the police. 7. There are indications that the defiance of the anti-Council group is now directed more at the Administration than the Council, and if this defiance is not countered quickly and effectively, it may well spread to other areas' (telex 7039, Hay to DOET, 1 September 1969, NAA: A1838, 936/3/21 part 1). Hay's predilection for a call-out of the PIR was heavily influenced by the idea that deployment should not be left until the situation 'had really deteriorated and there had been bloodshed'. Similarly, he believed police 'should be used in the mass' so that 'it was quite evident [to those in opposition] that they couldn't tackle a force that was so heavily outnumbering them, then there wouldn't be violent resistance and you would avoid the necessity for the police to use extreme measures'. As to the specific Mataungan action, Hay's attitude was that 'here was a deliberate act of defiance of the law and ... a challenge to authority taking place against a background of a good deal of tension ... this had to be treated as an extremely serious incident'. The Administrator was strongly supported by the AEC because its members 'didn't want to have problems of this kind in their own areas where they had local government. They were all connected or associated with local government and relied very heavily on people paying their taxes. They also relied very heavily on the authority of the central government and anything which upset [its] authority was very worrying to them' (Hay interview, 1973-4, NLA: TRC 121/65, 5:1/13-5, 5:1/19-20).

311 MINUTE BY DEFENCE COMMITTEE

Canberra, 2 September 1969

SECRET

Papua/New Guinea—possible domestic violence at Rabaul

The Committee considered a letter dated 2nd September, 1969, from the Department of External Territories indicating that the Administrator considers that there is a possibility that a situation will develop at Rabaul beyond the control of Administration resources to handle, and has therefore requested that a PIR company be placed on notice to move to Rabaul with the primary objective of guarding key points. It was indicated that the Minister for Territories, who is currently in TPNG, supports this proposal and had asked that his view be made known to other Ministers concerned.¹

2. The Defence Committee observed that intelligence information available is quite inadequate to enable proper assessments to be made. It is not known just how serious the problem is, what the objectives of the prospective trouble-makers are, how far they might go, what weapons might be used and so on. Furthermore, there is no assessment of how the trouble-makers may react or whether their actions may involve attacks on Europeans.

3. Any intervention on our part would involve us in a series of risks. There would be a risk in relation to the United Nations and also with the domestic Australian body politic. There would also be the risk in Papua/New Guinea itself. If we moved too soon that could prove provocative and attract undesirable interest and publicity. If we move too late we would be criticised in Australia, in the Territory and internationally for failing to take steps which could have averted possible violence.

4. It is to be recognized that any movement of any troops to Rabaul carries with it implications of long term consequences. It is impossible to regard the guarding of key points as separate, distinct and inseparable² from involvement in civil disturbances. The moment we make a move we are on the road to involvement in situations of civil order. Things could even develop to the point where we would have to commit Australian troops to retrieve the situation. To be noted is that an SAS Unit will shortly be exercising in P.N.G.

5. It would be most unwise to move troops to Rabaul without a clear indication from the House of Assembly that the move is desired. It should be much more than merely acquiescence. The fact that the House is currently meeting adds special significance. As it is a Trust territory, our only defence ultimately could be that we had acted on a positive

1 Besley sent two memoranda to Defence on 2 September, both of which forwarded the views of the Administrator. Defence was also given a copy of the TIC assessment of late on the previous day and of Hay's telex 7040 (see footnote 4, Document 310) and was told the current assessment was unchanged. In specific terms, DOET tabled a two-stage plan requiring two separate decisions: first, that a company be placed on standby and, second, that if necessary it move to Rabaul to guard key points. It was added that Warwick Smith supported Hay's request and believed that 'it is not only prudent to make it but indeed irresponsible not to' (NAA: A1838, 936/3/21 part 1). Meanwhile, with the concurrence of Defence and Attorney-General's, DEA told Territories that 'if there is a real possibility that the Territory police will be unable to prevent serious disorder leading to bloodshed his department should ask the Commonwealth for *police* assistance. Although a police group could not be sent to Rabaul by Sept 3, a contingent could perhaps be quickly sent to help with any continuing disorders' (note for file by Booker, 2 September 1969, *ibid.*).

2 Presumably, this should read 'separable'.

expression of the will of the House. It was right and proper that the House in a country being led to self-government should begin to learn the responsibilities of Government.

6. The procedure for invoking military assistance for use in the aid of the civil power requires the backing of the legal instrument of an Order in Council. No deployment of forces to Rabaul should be contemplated without this. They should not be deployed for guard duties without this. There can be no question of an Order in Council without firm decisions by responsible Ministers and the Prime Minister.

7. It was important to emphasise to the Administration that for all the reasons mentioned they should be doing everything in their power to avoid a situation leading to involvement of troops. This would include steps such as parleying, considering the postponement or adjournment of the proposed meeting in Rabaul, encouraging local members of the House of Assembly to attempt to quieten tempers, and so on—in short taking all reasonable steps to avoid a confrontation situation with its incalculable consequences. We should also emphasise that the Administration should weigh the risks of denuding Police strengths temporarily in other areas so that more can be provided in Rabaul over the critical period. The Administration should also examine the use of special constables.

8. On the information available, the provision of one Company of PIR would be submitting it to an unacceptable risk if it is to guard five key points. The military assessment, again on the information available, is that at least two Companies would be required. It should be pointed out to the Administration that none of the PIR are trained, or psychologically prepared, for the purpose of controlling civilian disturbances, and this in itself carried risks of the greatest importance to the future of the PIR and to the Territory as a whole.

9. The conclusion of the Defence Committee is that, as at present advised, it is overwhelmingly against the committing of troops to Rabaul at this stage.

10. Certain measures should be put in hand as a precaution and to advance readiness should the situation deteriorate:

- (i) a Hercules aircraft should be positioned at Port Moresby by mid-day on the 3rd September. If needs be, this move could be accounted for as a positioning to facilitate police movements.

- (ii) the Commander, Papua/New Guinea Command, should be directed immediately to take precautionary measures which would enable two Companies of PIR to move at short notice. It was understood that any advice should be on a need to know basis and that there would be no formal warning orders. The Companies are currently at a high state of readiness in connection with the forthcoming exercises with the SAS.

- (iii) a naval patrol vessel should move towards Rabaul.

11. The Committee saw the need to strengthen quickly Papua/New Guinea intelligence arrangements. It was told that the Defence Department was already moving on this. It seemed essential that special efforts should be made to build up a Special Branch of the Police Force. Meantime, arrangements would be made to send an Army Intelligence Officer to Rabaul.

312 TELEX, HAY TO BESLEY

Port Moresby 3 September 1969

7103. CONFIDENTIAL IMMEDIATE

During Minister's stop over in Moresby he held discussions with Kelloway, Police Commissioner,¹ Head of Special Branch² and myself.³ Police Commissioner expressed the view that on existing reports the planned build up would be able to hold the situation in Rabaul. He also said that it appeared possible to further reinforce the Rabaul police by up to an additional 500. Plans for this end will be made immediately. Minister feels that use of a Hercules would greatly facilitate move of this nature and asks that this be placed before Fairhall.

2. Minister has stressed absolute necessity of getting specific support from the House of Assembly for any moves which involve use of P.I.R.

3. Minister has also directed that consideration be given to other possibilities of peaceful solution of differences between Mataungan Association and the Council. These include the establishment of a commissioner (for which there is already some support in the House of Assembly as distinct from a House Select Committee on which opinion is lukewarm).⁴ The appointment of a commissioner could be simultaneous with suspension of Council and installation of a manager but need not be in the event that the Council is in fact able to carry on. The Administration will urgently examine this. The timing of a decision of this kind will have to be carefully considered in relation to the state of law and order. It is the Administration's view that appointment of a commissioner would not necessarily assist restoration of law and order at the point of breakdown and that the first essential is to guarantee law and order before other kinds of measures are set in train. Once law and order are restored then the way is reopened to the kind of compromise solution earlier in question, namely the enlargement of the number of wards in the Council by agreement between the Council and the Association.

4. In summary, a request for a final decision on the use of the P.I.R. is not imminent unless the situation takes a very serious turn for the worse in Rabaul, but we would request that the state of readiness now instituted be maintained.

5. The Minister will return to Canberra today, E.T.A. Fairbairn 2045.

[NAA: A452, 1969/4146]

1 R.W. Whitrod.

2 D.P. Sheekey.

3 Barnes and Kelloway had been in Mt Hagen and were met at the airport in transit to Canberra. Warwick Smith was also in PNG, visiting Daru.

4 In a statement to the House of 2 September, Johnson had said: 'It may be that the House would wish to set up a Select Committee to inquire into the solution of the pressing problems at present dividing the people who live in the Gazelle, particularly insofar as they affect things which the Administration or the House itself, for example, by legislation, can do' (*House of Assembly debates*, NLA: Nq. 328.952 PAP, p. 1646). Hay later provided Besley more detail on the background and reactions to the suggestion: '[the] question of a select committee had been discussed with [the] Secretary who agreed with it. In fact there have been suggestions for [a] commissioner rather than [a] select committee from Members of the House who are somewhat lukewarm about getting themselves involved in what they would prefer to see as an internal Tolai matter. If any proposal emerges from the House, therefore, it is likely to be for [a] commissioner' (telex 7129, 3 September 1969, NAA: A452, 1969/4146). Besley had earlier expressed to Hay a preference for a commissioner, as it would 'be more helpful and more likely to lead to an acceptable solution' (telex 8592, 2 September 1969, NAA: A452, 1969/2889). For other earlier Territories plans for an inquiry, see footnote 2, Document 309.

313 MINUTE, KELLOWAY TO BESLEY

Canberra, 4 September 1969

CONFIDENTIAL

Discussion with Administrator—3rd September

Present: Minister, Kelloway, Administrator, Whitrod, Sheekey—Special Branch

- The discussion covered mainly the Rabaul situation as known to Administrator at 10.00 a.m.
- The Administrator gave us a copy of your 2851¹—the Minister had not shown me previous reports.
- The telex dictated by Hay² was agreed by me as a very fair summary of the action endorsed by the Minister but a few points are worth adding.
- The Minister decided that a daily sitrep should be sent to the P.M.—Hay undertook to advise you of this.
- I raised the point of public reaction in Australia—the Minister says he is not worried by this.
- Hay mentioned that the general approach had been discussed with the Secretary earlier in the morning and he was in agreement.
- The telex says ‘plans’ to move another 500 police—the Administrator said that he could move them on his own authority when the time was ripe and the Minister seemed to acquiesce in this.
- The Minister is interested in the commissioner approach—which was introduced into the discussion by the Minister but after some discussion accepted Hay’s recommendation that this move should not be made at present.
- Hay is unwilling to make any concession which appears to be yielding to pressure; he is prepared to contemplate use of PIR rather than this but seems to me to be actively looking for acceptable alternative.
- Hay also considers that appointment of a commissioner will quite possibly emerge from a debate in the House.
- The Minister asked Whitrod about police/demonstrator ratios. Whitrod said without batons probably two police to one Tolai—with batons one policeman to five Tolai. The Minister said batons could be essential.
- The adequacy of information from Rabaul was discussed. Emanuel has been concentrating on pro-council groups for last few days and but for this would probably have been able to give advance warning of demonstration. Whitrod remarked that TPNG did not have the type of specialist operators needed for very good information.

1 2 September, Besley to Hay. It conveyed the views of the Defence Committee (see Document 311). After listing points raised by the Committee on which action was required before further decisions or recommendations could be made, Besley wrote that ‘It is clear that there will be no support for move without firm recommendation from Minister (more tangible than oral recommendation) and full discussions between him and other Ministers’. Besley asked that the message be passed immediately to Barnes and Warwick Smith (NAA: A452, 1969/4001).

2 Document 312.

- Whitrod considers stealing charge re key³ is probably wrong—will have to prove intent to retain and this may be difficult.
- I suggested that 1,000 police in Rabaul would provoke strong public reaction in Australia—Hay said there was little sign of this so far and Minister thought public would support maintenance [of] law and order. I did not press the point.

[NAA: A452, 1969/2889]

314 TELEX, HAY TO BESLEY

Port Moresby, 5 September 1969

7271. SECRET PRIORITY

Rabaul

Following is my current appreciation.¹

1. Policy after Council elections was stated in House on 18th June.² Our aim is broadly to get the Tolais working together, with Administration support, to solve their very complex problems. The Council as duly constituted body has been promised Administration support, and in particular the Administration has undertaken to protect Councillors against threats and violence. Owing to Bougainville and South Pacific Games commitments police numbers have been short of what has been needed to bolster the Council. The Administration has also had to be mindful of Council's slender electoral base, the substantial support of the Mataungan Assoc (including support from younger, educated elements) and the need during the South Pacific Games to avoid precipitating incidents. As a result the morale of the Council has been low and its performance poor. The Administration has tended to look to compromise solutions which might bring the Council and the Association together.
2. An assessment was called for as a basis for an appreciation for the Minister on 3rd September 1969 last weekend.³ Assessment indicated that the Mataungan Association was probably gaining ground and was in no mood for compromise solution. Before appreciation could be completed, the Mataungan Assoc on Monday resorted to overtly

3 Tomot (on 2 September) and Kereku (4 September) were arrested and charged respectively with unlawful possession and stealing of the council keys. Both were released on bail (see telex SIGS921, Hayes to Parkinson, 5 September 1969, NAA: A452, 1969/2889). A third Matuungan leader to be charged was Deputy Chairman Daniel Rumet.

1 On 2 September, Besley had complained to Hay that 'There is an apparent lack of consistency in the [various types of] messages [on Rabaul] no doubt due to the fact that they are prepared at different times by different groups and do not always arrive in sequence so that the picture here tends to be one of conflicting information rather than a developing situation ... It is difficult to draw together a comprehensive picture of the situation ... It seems to us ... that a single comprehensive situation report should be prepared' (telex 8582, NAA: A452, 1968/3943). Later in the month, ASIO's Barbour 'made the point [to Besley] that there is a good deal of information available in the Territory which seems ... not to be getting through to Canberra. We discussed the recent Rabaul situation and I pointed out to him that on that occasion we did in fact get a very comprehensive report. There are however apparently other reports which are not getting through ... Boyle, Barbour's man on the spot seems to be doing a pretty fair job up there and is doing his best to ginger the Special Branch along' (note for file by Besley, 30 September 1969, *ibid.*).

2 See footnote 2, Document 309.

3 Presumably, Document 309.

unlawful methods. The Administration was obliged to bring in very substantial police reinforcements to uphold the law in the face of a serious threat.⁴ The threat has so far been contained. This has heartened the Council. But threats still exist with serious danger points tomorrow, Sunday and next Wednesday (when Mataungan Assoc leaders charged this week will be in court).⁵

3. Assuming threat is contained, we shall have the capacity, because of our greatly increased strength, to put pressure on the Mataungan Assoc and the waverers and restore the balance in favour of the Council. This can be done by ensuring no discussions under duress, and then going on to issue tax defaulter warrants, at the same time vigorously campaigning over the radio for the payment of taxes and support of the Tolai cocoa fermentary and against spending too much time at political meetings. A continued attack should be made on land problems through selective purchasing of developed plantations in the short term. We should also maintain our public position of encouraging the parties to get together in a situation where a genuine negotiation can take place free of threats. The Council resolution provides an excellent base for this.⁶ Early action by the House is feasible and will probably result in recommendation for a commissioner to be appointed by Administration under relevant ordinance to recommend solution to Council problem.

4. A prerequisite for this approach is our ability to maintain roughly our present strength in Rabaul. I am assured that this is possible for a matter of weeks with some small margin for Kieta should the situation there deteriorate again.

5. Alternatives which can be considered if para 3 not successful are:

- (a) a compromise more or less in Mataungan terms which would mean the abolition of the multi-racial Council, put the Mataungan Association in control in the Gazelle and probably lead to radical solutions of land problems in the Gazelle
- (b) a direct electoral test, e.g. by referendum, a fallback solution which is not favoured by district staff but which I do not rule out

4 After the Hay-Barnes meeting of 3 September (see Documents 312 and 313), police reinforcements were despatched (see, for example, telex 7168, Hay to Besley, 4 September 1969, NAA: A452, 1969/4001). The force was raised to 1,000 in anticipation of trouble on the 6th (MIS no. 9/69, 3 October 1969, NAA: A1838, 936/3/15 part 6).

5 Late on 4 September, Hay had told Besley that the Council 'had passed a resolution to the effect that it had been previously pleased to agree to a meeting with the Mataungan Association on Sunday 7th. The Association had broken its word by proposing a meeting a day earlier accompanied by a public demonstration. Nevertheless the Council remained willing to meet on the 7th but also considered the possibility of a Select Committee of the House of Assembly being established to confer with the Councillors and the leaders of the Association at a meeting to be arranged' (note for file by Besley, 5 September 1969, NAA: A452, 1969/4071). A TIC account of 5 September gave a different version of the meeting, asserting that Council had made a 'unanimous decision not to meet with M.A. on Saturday or at any other time' (telex 7274, Hay to DOET, 5 September 1969, NAA: A452, 1969/4001). Thus, in a special assessment for the JIC, the TIC judged: 'Because the Council is now adopting a harder line towards the Mataungan Assoc, the latter, during the next few days, is expected to strengthen its resolve to break the multi-racial Council ... violent demonstrations could occur' (telex 7276, Hay to Parkinson, 5 September 1969, NAA: A452, 1969/2889).

6 At this point, Hay was apparently continuing to interpret the resolution in the terms related to Besley on 4 September.

(c) suspension of the Council and installation of a manager accompanied by appointment of select committee or commissioner to find a solution acceptable to all parties (including the Administration). This alternative had attractions when the Council was losing strength, but clearly a compromise from strength is preferable to one from weakness.⁷

[NAA: A452, 1969/2889]

⁷ The TIC later reported: 'On 5 September, 700 police marched through Rabaul while a helicopter hovered overhead. This display of police strength is believed responsible, together with radio broadcasts by the Administrator and the Secretary, Department of the Administrator, for a decision by M.A. leaders to advise their village supporters, during the night of 5th September, against going into Rabaul on Saturday, 6th September' (MIS no. 9/69, 3 October 1969, NAA: A1838, 936/3/15 part 6).

Gazelle Peninsula: aftermath of the September incident

On 5 September, the House of Assembly adopted a motion which requested the Administration to establish a commission of inquiry. The core of the inquiry's work would be an investigation of 'the most appropriate form of local government for the Gazelle Peninsula exclusive of the town of Rabaul', accompanied by a study of the future relationship between the Peninsula council and an urban one proposed for Rabaul.¹ Thirdly, the inquiry would look at 'other relevant matters, including the long term problems of the Tolai community'. Three days later, Barnes authorised Hay to announce 'in general terms' that the Government would indeed conduct an inquiry.²

Discussion of the inquiry's precise terms of reference revealed differences between Territories and the Administration. After meeting with the AEC, Hay suggested that the first and second parameters match those put forward by the House—with the exception that recommendations arising from the first would also be circumscribed by the Local Government ordinance.³ On the third, Hay suggested that the commission might 'identify so far as possible long term problems which have contributed to differences of opinion within the Gazelle Peninsula about the existing Local Government Council'. He wrote that these terms

would serve my original purpose of enabling the enquiry to be set into a wider context. This would not lead to expectations that the present commission would get involved in recommending solutions of land matters which require a more general study.

The Department replied that Hay's first and second points were 'too restrictive' and that the third would not be possible in the time available.⁴ A counter-proposal was for the commission to concern itself with

(a) the most appropriate form or forms of local government for the Gazelle Peninsula, and (b) the relationship which should be foreshadowed between the rural and urban areas of the Gazelle Peninsula ... we would suggest that the [public] statement on the commission of enquiry might state that while the Administration is taking other action in connection with causes of discontent which do not relate to the local government issues the commission would be asked to make any comments it sees fit on issues which arise during the course of its enquiry which it considers have contributed to discontent in the Gazelle Peninsula.

Hay agreed, provided this last idea was implemented—

Otherwise we shall risk merely scratching the surface of a complex problem which may well arise elsewhere. The commission's report should be a document which points the way to a real solution and which influences the conduct of other young people who have similar frustrations and racial and tribal attitudes to those of Mataungan leaders. But if the commission cannot address itself to the wider issues, which are essential elements in the situation, then a crucial opportunity will be lost, both to get the Tolais to declare themselves publicly {on them and to} get the commission's comments on their declarations.

1 Telex 7400, Hay to Ballard, 8 September 1969, NAA: A452, 1969/4167.

2 Telex 8794, DOET to Hay, 8 September 1969, *ibid*.

3 Telex 7522, Hay to Warwick Smith, 10 September 1969, *ibid*. Hay thought the ordinance itself needed amendment; in discussions with Barnes and Warwick Smith, he 'suggested that it was necessary to put limits on the powers of local government to avoid a situation, e.g., in which the Mataungan Association, if they won an election in the Gazelle, took over the powers of a regional or provincial government, which was, he thought, quite feasible within the present Local Government Ordinance ... The Minister endorsed this view in a general way' (note on discussions in Canberra, 18 September 1969, NAA: A452, 1969/4189).

4 Unnumbered telex, DOET to Administration, 12 September 1969, NAA: A452, 1969/4167.

*Explan[ations] of the issues I have in mind are (a) the means of arriving at decisions (b) the rights and obligations of a minority ... (c) tribal versus wider loyalties.*⁵

*Barnes approved the Department's terms on 18 September.*⁶

Deliberations on the scope of the inquiry were paralleled by considerable debate on its composition. Hay's 'preliminary thinking' was that 'there ought to be three men and that there should be a black face—either someone from Africa ... or a suitable Tolai'.⁷ He also raised as a possibility Scarlett Epstein, an academic from the Australian National University. For his part, Barnes put forward the President of the Australian Law Council, P.D. Connolly, who he said was 'a broad minded incisive kind of person who knows the political scene since he was once a member of Parliament with a keen interest in ... Papua and New Guinea'.⁸ The Minister was not in favour of an academic as a member and felt that, if Hay insisted on a foreigner, a Fijian 'would cause less difficulties' than a Ghanaian.⁹ The Department was worried that an overseas participant 'could become a difficult precedent if the House of Assembly were in a commission of enquiry in quite a difficult situation to press for a foreigner from a specific country', and added that 'in any case foreigners must be in a minority and ... if there is to be a Fijian on the commission there should also be a native member'.¹⁰ External Affairs soon put an end to this option by saying it was 'firmly opposed to any outsider ... as this will be presented internationally as indicating that Australia cannot manage the affairs of its own territories'.¹¹ The final decision on membership was that Connolly would be joined by Bishop Simon Gaius of the Gazelle's Ngatur United Church and a local teacher, Aisea Taviat. Epstein was recruited as an advisor, as in mid-September Barnes 'still consider[ed] that an Australian academic would not be suitable as a full member and in any case it would seem desirable to us [in DOET] not to have a majority of expatriate members'.¹² The commission started hearings on 29 September.

The situation on the ground had eased as the commission was being organised. On 9 September, Hay cabled that the

*security situation has been contained. There is no ... sign of a change of heart or of objective on [the] part of Mataungan leaders but they are for the present advising their supporters against violence and against congregating in Rabaul while police are there in strength ... In present circumstances, [the] likelihood of our seeking aid from armed services to [the] civil power is now much reduced.*¹³

The Administrator noted that later in the week he would begin reducing police numbers because of the 'ease with which in an emergency numbers can again be built up'.

In policy terms, Hay was determined to maintain a firm hand. Commenting on 6 September that the Administration was pursuing the policy option outlined in paragraph

5 Telex 7654, Hay to Warwick Smith, 15 September 1969, *ibid.*

6 See submission, Ballard to Barnes, 18 September 1969, *ibid.*

7 Note for file by Besley, 6 September 1969, *ibid.*

8 Minute, Besley to Ballard, 8 September 1969, *ibid.*

9 Telex 8794, DOET to Hay, 8 September 1969, *ibid.*

10 *loc. cit.*

11 Telex 9020, DOET to Hay, 15 September 1969, *ibid.*

12 *loc. cit.* Epstein's daily payment was \$20 (telex, DOET to Administration, 19 September 1969, *ibid.*) as compared to Connolly's \$210 (submission, Ballard to Barnes, 18 September 1969, *ibid.*).

13 Telex 7400, Hay to Besley, 9 September 1969, NAA: A452, 1969/4071.

3 of Document 314, Hay told Besley 'he had noted a thread running through one or two of our messages which he described as irresoluteness'.¹⁴ Besley assured him that

this was not intended. We all agreed that law and order must be maintained but within this framework we were assuming that all concerned would be taking whatever steps could be taken (without giving into lawless groups) to take the heat off issues which might otherwise become flash points.

Hay concurred, but differing emphases in Canberra and Port Moresby continued to be visible.

A third aspect of the Mataungan problem to attract the attention of Government was the trial of Tomot, Kereku and Rumet. Officials were nervous about the racial-political nature of the case—and their anxieties grew when the Mataungans asked a Biafran lawyer from the University of PNG, Ikenna Nwokolo, to defend the trio. Immediately, a study was requested on how such situations might be prevented:

It is understood that the University arranges admittance to practice {of} their lecturers. The question of how appointments particularly of non-Australians can be controlled is being taken up ...¹⁵

Warwick Smith later commented that he had 'no real objection' to the University's practice, but he was concerned about the 'political involvement of other activities'.¹⁶ Such were matters that could only be dealt with in the longer term; the immediate quandary represented by a highly charged trial remained. This—and fears that the case might throw Administration actions and therefore local government law into doubt—prompted the Department to put forward the idea of a pardon for the defendants:

The establishment of the commission does of course create a new situation. It seems to us that it would be perfectly practicable for the prosecution against the three Tolais to be withdrawn and for this to be presented as a gesture of goodwill in accordance with the spirit which led to the establishment of the commission. They are not in any case likely to receive a very severe sentence from the magistrate and if they did this would be likely to lead to more serious disorder.¹⁷

Hay did not reply until the eve of the trial—and he forcefully rejected the notion:

Withdrawal of prosecutions at this stage would be interpreted as [a] political win for [the] Mataungans and would probably cast as much doubt on the legality of [the] Council as

14 Note for file by Besley, 6 September 1969, NAA: A452, 1969/4167. One message Hay may have had in mind was an earlier conversation with Besley in which the latter said that a situation report sent by Hay 'could be taken ... as giving the impression that in addition to maintaining law and order the Administration might be taking action to stiffen the Council's opposition to the Association'. Besley believed that they 'agreed that this is a very thin line but that it is important to ensure all steps are taken to mediate so as to bring about some peaceful reconciliation of opposing views' (note for file by Besley, 5 September 1969, NAA: A452, 1969/4071).

15 Draft minute by A.C.H. Campbell, dated '9/69', NAA: A452, 1969/2889.

16 Minute, Besley to unidentified officer (Assistant Secretary, Social and Community Affairs Branch, DOET), 16 September 1969, NAA: A452, 1969/4167. See also minute, Kerr to Besley, 25 September 1969, NAA: A452, 1969/4331. Territories had become generally agitated about the political activities of expatriates in PNG. See, for example, paper by Bray, 15 April 1969, and minute, Besley to Warwick Smith, 7 June 1969, in NAA: A452, 1969/3045.

17 Telex 8981, DOET to Administration, 12 September 1969, NAA: A452, 1969/4146.

*an adverse decision by the magistrate. We are strongly against this course of action. The Mataungans will get enough concessions due to the commission ...*¹⁸

Hay preferred as a contingency an appeal to the Supreme Court—or even a change to local government legislation that would retrospectively put the Administration's actions on the MRC 'beyond doubt'. Warwick Smith endorsed the message with the annotation 'yes'.

The opening of the trial was duly theatrical. Nwokolo, who, dressed in 'Biafran national robes' had been 'greeted joyously' by 50 Mataungans upon arrival at Rabaul airport,¹⁹ examined the first witness in a 'flamboyant and dramatic style'.²⁰ The crown 'offered many objections', after which Nwokolo became 'more moderate', but his 'dramatics' were said to have been 'noted by the Mataungan observers in the court'. On 19 September, the case was adjourned until early October.

18 Telex 7655, Hay to Warwick Smith, 16 September 1969 (stamped in DOET, 'received 15-Sep'), NAA: A452, 1969/4331.

19 Telex 7417, Hayes to Parkinson, 9 September 1969, NAA: A452, 1969/4071.

20 Telex, Johnson to Besley, 18 September 1969, NAA: A452, 1969/2889.

315 NOTE BY GOODE

Canberra, 12 September 1969

Letter of 22 August from the Minister for External Affairs:¹ some comments*[matter omitted]*²

- It is clear that Papua and New Guinea may petition the General Assembly and New Guinea in addition may petition the Trusteeship Council. There is no restriction placed on the range of subjects on which the Trusteeship Council may be petitioned, and the General Assembly will consider matters 'relating to the maintenance of international peace and security.'
- Mr. Freeth recognises this right. One of his primary concerns in the letter seems to be to avoid the 'embarrassment' of the Australian Government. If the House of Assembly were to communicate direct with the United Nations, it would seem that the potential for embarrassment of the Australian Government would be far greater than in a situation where that Government acted as a channel of communication. A communication relating to external affairs and expressing a view contrary to that of Australia could, for example, be sent without the prior knowledge of the Australian Government, and at a time when world attention was spotlighted on the issue involved. Under the procedure where the communication is passed on via the Australian Government, its transmission can, after all, be delayed until a suitable time: this, after all, was done with the resolution on West Irian. There is surely no loss of prestige in the Australian Government acting as a channel of communication: it seems rather to be its proper function when the Territory is expressing views to an international body.
- There is nothing set down in the Trusteeship Agreement, the Papua and New Guinea Act or the Commonwealth Constitution which specifies that Australia is solely responsible for the defence and external relations of the Territory. Technically it *may* be that the House of Assembly can legislate on these matters. Certainly, it is entitled to express views on them. Mr Freeth himself recognises this saying: 'Since at some point of time an elected Government of Papua and New Guinea is likely to be fully responsible for its own foreign policy and defence, it is wise that the fullest encouragement should be offered to the House of Assembly to interest itself in these matters.'
- It seems contradictory then to suggest that restrictions are put on the extent of this interest by preventing expression of the House's views. The Australian Government speaks of the political advancement necessary before the time of self-determination. Part of the growth of political awareness is surely an interest and concern in matters which are other than parochial—the development of a sense of national unity is something of great concern at the moment. It seems foolish to put curbs on the development of some political consciousness and awareness of being a country which as a unit has national concerns. There is no reason why interest in {and} discussion of external affairs should not include expression of views to the United Nations. Moreover it is hard to see how

1 Document 308.

2 Matter omitted includes quotations from articles 11.2, 73, 76 and 87 of the United Nations Charter.

Members of the House would be informed that they were only to express their views on such matters to the Australian Government, and it is unlikely that they would accept such a restriction. The attempt to impose it could be regarded as an insult. Tacitly it is saying that the Australian Government does not wish the Territory publicly to have any views different from its own.

- Procedures were earlier set out for dealing with a resolution from the House of Assembly which asks the Government to pass its views to the United Nations. The line of transmission is Speaker–Administrator–Minister for External Territories–Minister for External Affairs. Two resolutions on external affairs have now been passed on, and a precedent firmly established.

Post script: West Irian, after all, impinges significantly on Papua and New Guinea's *domestic* affairs.³

[NAA: A452, 1969/3367]

316 NOTES OF DISCUSSION BETWEEN BARNES, WARWICK SMITH AND HAY

Canberra, 18 September 1969

[*matter omitted*]

7. *Select Committee: Constitutional Development*

The Administrator thought that the process of bestowing additional responsibility on Ministerial Members under Section 25 might be accelerated in two ways:

- (a) Ministerial Members to take responsibility for their individual Departments instead of sharing it with Departmental Heads;
- (b) the Administrator being placed in a position where he had to take the advice of the Administrator's Executive Council. (Not quite clear whether this would be 'normally' or without exception.)

The Secretary commented that, whilst (a) was attractive in itself, the implications of such a move would need to be very carefully considered, especially in the light of the lack of collective financial responsibility on the part of the Ministerial Members—there would need to be some clear definition of the matters in which their authority prevailed in their

3 Galvin minuted Ballard on the same topic: '[i] Minister for EAs letter ... causes me difficulty [ii] Whilst the main point—that we should try to stop the House passing resolutions asking the Govt. to pass resolutions on *foreign affairs* on to say UN—is the obvious best course, how we do it is another matter [iii] I wouldn't think we would want to initiate a fight with the House on the matter. For the House would then be diverted to sending resolutions direct [iv] I think the best we can do is reply to Freeth [that on this occasion the resolution be passed on] and through quiet work by official members get the point across that such requests can be embarrassing and are best avoided [v] When the next time comes (if ever) we head it off then [vi] This would not apply of course to resolutions ... re TPNG proper [vii] These must be sent on whether we like them or not' (18 September, NAA: A452, 1969/3367). Kerr later commented to Ballard: 'Mr Galvin is more concerned with our part in getting the House to accept a proposition that it shouldn't ask that similar resolutions in future be conveyed to the U.N. I doubt that this is the right approach but I agree that it is an important and difficult problem. It still think however that too rigid a formula should not be adopted for these cases, and ask in particular whether we need to positively dissociate ourselves in the manner adopted for the West Irian resolution' (minute, 10 November 1969, *ibid.*). In marginalia of 11 November, Ballard replied: 'Have a go at another draft [to Freeth] on the lines you suggest'.

own department and of the ways in which this arrangement fell short of self-government; in relation to (b), the Administrator was thinking more of the executive decisions that had to be taken from time to time (like sending police to Rabaul) which were more difficult politically for the Australian Government to take than a local government. However, if the general rule was to be that the Administrator would take the advice of the council it would have to be subject to over-ruling by the Minister if the arrangement was to fall short of self-government, which clearly was the present constitutional position (and also clearly the view of the bulk of the people).

The Minister said that in his opinion there should be no further major changes in the constitutional position other than perhaps the establishment of a House of Review. He was not opposed to change within his own powers under Section 25. A House of Review should, he thought, consist of about 20 members elected largely by local government councils (indirect election). Such a House of Review should not include any Ministerial office holders as this would conflict with its performing of its true functions of review. It could be put to the select committee that Australia had accepted the five-year programme in conjunction with the House of Assembly in 1968, and no further basic constitutional changes should be made until that had expired.

The Administrator thought that it would be a good thing to abolish the votes of official members. The Minister was inclined to agree. The Secretary agreed but pointed out that the contrary view was that having the ten votes in the House saved the Government a good deal of embarrassment in that legislation or motions could sometimes now be defeated that would otherwise have to be rejected or very unwillingly accepted. The Minister indicated that he would like any proposal regarding the votes of official members to come out of the select committee.¹

[*matter omitted*]

10. *Australian press attitude on Papua and New Guinea*

There was a discussion on the extent to which the Australian Press was creating an adverse reaction in Australian public opinion by giving prominence only to extreme and radical views; for example, the views of Maori Kiki got front page treatment,² whilst the views of more conservative native people (even elected or even Ministerial members) got no or little publicity. It was agreed that the situation called for [a] conscious public relations effort on the part of the Department in relation to visiting Papua and New Guinea leaders such as Sinake Gire Gire in his present visit. The Administrator suggested the Department might need to hire PR help on this ...

[NAA: A452, 1969/4189]

1 Hay later indicated that he believed the 'next constitutional change could, for example, involve removal of all Official Members except those in charge of reserved departments' (telex 9236, Hay to Warwick Smith, NAA: A452, 1968/3174). Meanwhile, in DOET there was sensitivity to criticism of the behaviour of official members; Ballard complained: 'While I think that the Official Members will be subject to criticism whatever they do ... a good deal of this criticism could be avoided if Official Members were to adopt a posture of Government spokesmen ... rather than seeing themselves as a Ministerial Bench' (minute, Ballard to Warwick Smith, 11 September 1969, NAA: A452, 1968/5901). Warwick Smith thereafter wrote a letter to Hay reminding him of the Minister's view expressed in Document 253 that official members should present policy dispassionately and 'avoid participation in an emotional climate' (14 October 1969, *ibid.*).

2 See footnote 2, Document 276, and footnote 5, Document 321.

317 LETTER, MCMAHON TO BARNES

Canberra, 19 September 1969

I am writing to you regarding the offer by Bougainville Copper Pty. Ltd. for the Administration of Papua and New Guinea to take up a 20% shareholding in the Bougainville copper project. Attached is a copy of a Submission I had prepared for Cabinet but, on your advice, have now withdrawn.

The Company's arrangements for loan finance with the Bank of America are contingent on the Administration's acceptance of the equity offer before 31st October this year. A delay in a decision on this matter until after the elections could have serious implications for the project.

The proposed Submission to Cabinet was agreed between the Department of External Territories and the Treasury with regard both to the facts of the situation and to the recommendations.

Following our discussion I am now writing to ask whether you agree to the recommendations set out in that Submission.

I am also asking the Prime Minister whether he agrees that if you concur it would be in order to proceed as proposed.

The recommendations set out in the Submission are:—

- (i) that the Administration take up the option on 20% of the equity capital in Bougainville Copper Pty. Ltd. at a cost of \$25m on the understanding that half may be provided in each of this and the next financial years.
- (ii) that the method of financing the equity be left to the Treasurer and the Minister for External Territories having in mind that some or all of the funds for taking up the equity may have to be provided by the Commonwealth.

I am sending a copy of this letter to Mr. McEwen for his information.

Attachment**SUBMISSION, BARNES TO CABINET**

Canberra, 18 September 1969

CONFIDENTIAL

**Territory of Papua and New Guinea
Bougainville copper project**

Purpose

The purpose of this submission is to seek Cabinet approval for the Administration of Papua and New Guinea to take up an offer of 20% equity of the capital in Bougainville Copper Pty Ltd, the CRA subsidiary company developing the copper deposits at Bougainville.

Background

2. Under the terms of the Bougainville Copper Agreement of 1967 Bougainville Copper Pty Ltd is required to offer the Administration 20% of its equity share capital.

The Government has decided (Cabinet Decision No. 258 of 18th April 1967) to ensure that the option over equity capital is taken up provided it is satisfied that the venture is sound and offers reasonable prospects of profitable operation.¹ In Submission No. 654 of 19th August 1969, the Minister for External Territories advised Cabinet that the Company was expected to offer 20% of the equity capital to the Administration later this year.² This offer has now been received.

Feasibility and prospects of profitable operation

3. The final report of a detailed feasibility study of the project undertaken by consultants (Bechtel – Western Knapp Engineering) on behalf of Bougainville Copper Pty. Ltd. is now available. The study estimates the total capital cost of the project (including interest and financing charges) to be approximately \$362m.

4. Total equity capital is to be \$125m. It has been estimated that, on the basis of the figures supplied by the Company and on an assumed copper price of US45 cents per pound (current price is US67 cents) cash available for distribution to shareholders up to 1982 (the latest year for which estimates are available) would be of the order of \$630m. On this basis average annual earnings of the order of 40% could be expected. Using a discounted cash flow technique (which unlike conventional accounting practice allows for the passage of time) this represents a return on capital of almost 25% per annum. In my view these data indicate that the project is sound and offers reasonable prospects of profitable operation, and thus meets the criteria laid down by the Government. I therefore consider the offer of 20% equity should be taken up by the Administration. As the equity would be taken up at par there would be considerable prospects for early capital appreciation of the Administration's equity holding.

5. The evaluation report has been made available to the Departments of the Treasury and National Development. They agree that on the basis of the information supplied by the Company the project meets the criteria laid down by the Government for taking up the option.

6. The Company has concluded the principal arrangements for the financing of the project. A Credit Agreement has been signed with the Bank of America for loans of up to \$US246.4m. The Credit Agreement also provides that total borrowing from all sources excluding working capital should not exceed \$US270m. A cash loan of \$US30m. from Japanese sources is still being negotiated.

7. If the Administration takes up equity in the Company it will be necessary for it to become a signatory to the Security Agreement with the Bank of America. Under the Agreement both the Administration and the Company will be required to pledge their shares in Bougainville Copper Pty. Ltd. as security for the loan. The Security Agreement has been examined by Attorney-General's Department who see no legal reasons why the Administration should not become a signatory.

Finance for Purchase of Equity Capital

8. In my previous submission I indicated that equity capital would probably be of the order of \$100m. The Company has now decided that equity capital should be \$125m. Exercise of the Administration's option will require a subscription of \$25m. By arrangement with the Company the Administration may provide 50% of its share of the equity capital in each of the financial years 1969/70 and 1970/71. The Company would

1 See Document 106.

2 See Document 291.

prefer the 1969/70 contribution to be made in October 1969 but under the terms of the Bougainville Copper Agreement the Administration has six months from the date of offer to make a decision on the option over equity and payment of the \$12½ m. for 1969/70 could be deferred until 1st March, 1970.

9. It has always been clear that the Administration would not be able to provide the funds necessary to take up the equity from its ordinary budget and that some special arrangements would need to be made by the Government. There are a number of possible ways in which the funds could be provided:—

- (a) A loan from the International Bank for Reconstruction and Development.
- (b) A loan raised by the Administration.
- (c) From the Commonwealth Government:—
 - by way of grant
 - by way of repayable loan.

It may be possible to provide the funds by a combination of these methods.

10. While it has not in the past been the practice of the IBRD to make loans specifically for the purpose of acquiring equity in companies, the Bank may be prepared to consider proposals of this nature.

11. A loan to the Administration by the Government would represent a departure from established policy which has called for Australian aid to the Territory to be by way of grant. If the Administration share of the equity capital were to be financed by an Administration loan it would probably be necessary for it to attempt to tap new sources of funds e.g. by way of an approach to the Australian loan market. Such a loan might in effect be underwritten by the Commonwealth agreeing to provide by way of loan any funds which the Administration was not able to raise from the market.

12. There are some special features of the financing of the Administration's equity in the project which could provide grounds for departing from current practice of providing Commonwealth assistance to the Administration by way of grant:—

- (a) Participation provides prospects of substantial capital gains.
- (b) Investment will yield substantial income to the Administration. Any loan could therefore be repaid either out of income or by the proceeds from eventual sale of part of the equity to Papuans and New Guineans.

13. The alternative methods of financing the equity are at present under study and a clearer picture will emerge when advice is available concerning the possibility of an IBRD loan.

[*matter omitted*]³

[NAA: A1209, 1969/7961]

3 Matter omitted includes the recommendations cited in Barnes' letter to McMahon. McMahon concurred (letter, McMahon to Barnes, 25 September 1969, NAA: A452, 1969/5683) as did Gorton (letter, Gorton to Barnes, 14 October 1969, *ibid.*). By year's end, it was clear that it would be impossible to negotiate a loan from the IBRD to cover the first payment for the purchase of equity—due in February 1970—though Treasury officials were continuing to speak with the IBRD about possible later loans. In the interim, it was thought that the February instalment might be paid by means of a public loan, private loan, or a grant or loan from the Commonwealth (memorandum, DOET (Warwick Smith) to Administration, 9 December 1969, *ibid.*).

Bougainville: the problem of rock waste and tailings disposal

The Australian Government's endorsement of the copper project's feasibility—as embodied in the decision to take up 20% equity¹—was given before agreement with CRA on the means of dispensing with waste from the mine. In mid-September, CRA forwarded to the Administration proposals on waste disposal, to which a response was promised within a month.² This deadline, and the many assumptions on which the company's reports were based, prompted Government officials to consider the possibility of holding CRA liable for damage should its predictions prove false.³ There was also an attempt to push for rapid technical appreciations of the reports by Australian Government agencies.

In early October, the Department of Works informed DOET that it would be unable to provide an assessment with such little warning, though it did note that the 'effect that these waste products could have on the surrounding countryside and coast are of considerable importance and magnitude'.⁴ Meanwhile, the Snowy Mountains Hydro-Electric Authority (SMA) indicated that its early reaction was that the proposals were 'extremely poor and ... a substantial cost problem and possible delay could emerge'.⁵ The Administration suggested that the waste rock dumps would become unstable after 10 years and that 'the tailings would all be flushed into the sea and that the effect would be akin to the Markham River'.⁶

The one month deadline was not met. A Snowy Mountains official assigned to assess the proposals—a process which involved travel to Bougainville—was continuing to investigate, but the pressure for quick results remained. Mentz observed that the official, N.M. Worner, 'seemed likely' to furnish a report that would 'not be entirely favourable' and 'could be most unfavourable'—and he remarked that the possibility of having to be 'difficult' with CRA 'makes it important that we don't delay unnecessarily in bringing the position to their notice'.⁷

On 22 October, the company was informally advised of the Administration's position. It was said that CRA's 'preferred disposal method' would be favoured but that the Administration would be 'prescribing conditions relating to certain technical arrangements [and] ... to the welfare of affected peoples and their land'.⁸ There was also some doubt about the legality of the scheme envisaged and it was suggested by an Administration legal officer that 'there could be a need to amend the Water Resources Ordinance with the intention of providing authority for the ... pollution of water courses in particular circumstances'. A later opinion was that CRA could simply be granted a licence under the ordinance to deposit tailings in the river.

1 See footnote 3, Document 317.

2 Minute, Gregory to Ballard, 22 September 1969, NAA: A452, 1969/4502. Under the Bougainville Copper Agreement, the Administration had two months in which to consider the reports, but a shorter period was accepted 'because of timing considerations in the project' (memorandum, DOET (Gregory) to Department of National Development, 23 September 1969, *ibid.*).

3 Note for file by Gregory, 23 September 1969, *ibid.*

4 Letter, A.S. Reiher (Director-General, Department of Works) to Warwick Smith, 9 October 1969, *ibid.*

5 Note for file by Mentz, 30 September 1969, *ibid.*

6 Note for file by Gregory, 30 September 1969, *ibid.*

7 Briefing note by Mentz, 17 October 1969, *ibid.*

8 Telex 9612, W.F. Carter (Director, Posts and Telegraphs, PNG) to Richardson, 31 October 1969, *ibid.* In a report of the same day, Ellis and W.L. Conroy (Director, Agriculture, Stock and Fisheries, PNG) wrote that settlements along the Jaba River would have to be moved. They recommended 'early preliminary talks and subsequent negotiation' to prevent 'any atmosphere of confrontation' developing with villagers (*ibid.*).

The SMA report was perhaps less critical than expected. It judged that the company's recommendations 'are generally technically acceptable provided certain precautions in design and monitoring of stream and dump behaviour are taken'.⁹ Moreover, CRA's proposals were 'much less costly than alternatives which would minimise damage to property or adverse effects on the livelihood of inhabitants in the affected river systems'—yet such savings would 'have to be weighed against potential compensation claims or sociological difficulties', a 'matter for the Administration to evaluate'. In a subsequent letter to CRA, Hay approved the methods forwarded by the company, subject to various technical adjustments, monitoring arrangements and rehabilitation schemes.¹⁰ He also specified that CRA 'co-ordinate ... negotiations in respect to compensation to be given to ... natives' and that it be responsible for organising and paying for resettlement.

9 Letter, H.E. Dann (Commissioner, SMA) to L.F. Bott (Secretary, Department of National Development), 12 November 1969, *ibid.* Worner's final report is attached to this letter.

10 See draft letter, Hay to Espie, attached to memorandum, Administration (Hay) to DOET, 28 November 1969, *ibid.* The draft letter was approved by Territories (see telex 11823, Newman to Richardson, 16 December 1969, *ibid.*).

318 MEMORANDUM, ADMINISTRATION (HAY) TO DOET

Port Moresby, 20 September 1969

CONFIDENTIAL

Select Committee on Constitutional Development¹

Please find attached programme prepared by the Committee's Sub-committee for consideration at the next Committee meeting on October 6th.

Attachment

SELECT COMMITTEE ON CONSTITUTIONAL DEVELOPMENT
PROGRAMME

1. Basic need

A united Papua – New Guinea. Outward symbols of unity—name, flag, national emblem, national anthem.

2. Direction of development

Form of government best adapted to needs of the Territory as an independent nation.

Existing forms of government in other independent countries involve advantages and disadvantages. These forms include:—

- (i) Unitary or Federal system
- (ii) Unicameral or Bicameral system
- (iii) Presidential or Parliamentary systems
- (iv) Ministerial responsibility to House or to elected President
- (v) Ministerial or Committee systems
- (vi) Other types of systems

3. Specific constitutional problems involved in modifying present constitution for the Territory**(a) Official Members**

¹ The Select Committee had met on 15 August and 9 September. At the first meeting, Arek was elected chairman and, following an offer by Johnson, the Committee asked that a request be made to the Government for an executive officer who might assist the Committee in its work. It was thought 'highly desirable to have a man who would not be subject to pressures and could bring an independent mind to the work' (attachment to memorandum, Administration (Hay) to DOET, 15 August 1969, NAA: A452, 1969/4055). Territories had already asked Attorney-General's if it might provide a staff member on a temporary basis. In doing so, Ballard described the prospective officer's duties: 'The executive secretary would not be expected to press the Government's policies. This would be the responsibility of the official members. It would, however, be hoped that he would be able to steer the Committee away from unsuitable ideas put forward by outsiders. It would also be hoped that the executive secretary would not regard himself as simply an adviser on constitutions framed in vacuo but would make himself aware of developments in the economic and social fields so that he could stress the need for political development which has regard for social and economic development' (memorandum, DOET (Ballard) to AG's, 14 August 1969, *ibid.*). Attorney-General's nominated C.R. Morrison, the crown solicitor attached to the Snowy Mountains Authority. Morrison had worked as senior legal adviser in DOET, and in AG's had provided advice on Nauruan Affairs (telex 8436, DOET to Administration, 28 August 1969, *ibid.*). At the second meeting, the Committee appointed a sub-committee consisting of Arek, Johnson and Morrison to draw up the Committee's program (memorandum, Administration (Hay) to DOET, 10 September 1969, *ibid.*).

- (i) Whether there should be any and, if so, how many and which ones
 - (ii) If there are any, whether they should vote
- (b) Whether regional electorates should be continued.
- (c) Whether educational qualifications should be required for candidates for election to regional or special electorates.
- (d) Papua and New Guinea Act—Part (IV)²
 - (i) Limitations of Act
 - (ii) What developments are possible within Act as it stands at present
 - (iii) Powers of Administrator
- (e) Ministerial Members and Assistant Ministerial Members—possible developments of system.
- (f) Administrator's Executive Council powers and functions—possible development.
- (g) Territory Budget
 - (i) Present role of Commonwealth
 - (ii) A.E.C. control
 - (iii) 'Split' budget
- (h) Commonwealth Departments and Ministerial representation, e.g. Army, Navy, D.C.A., etc.
- (i) Role of Local Government Councils in a national system.
- (j) Political education in Papua and New Guinea
 - (i) Material at present being disseminated
 - (ii) Formulation of material by Committee
 - (iii) Use of existing channels of dissemination for material prepared by Committee
- 4. *Problems of rate of political development*
 - (a) Pre-requisites for effective control of Territory's internal affairs in a situation of internal self-government and total self-government.
 - (i) Proportion of locally-raised public money and proportion obtained by way of external grant or loan
 - (ii) Proportion of indigenous to expatriate senior public servants
 - (b) Relationship between political development and economic growth of private industry
 - (i) Expatriate control of companies in Territory
 - (ii) Local equity participation in foreign owned companies operating in Territory
 - (iii) Encouragement of local investment in Territory companies
 - (iv) Wage policy in relation to economic growth and taxation
- 5. *Programmes for visits*
 - (a) Discussions with Minister for External Territories and possibly other Australian Ministers in Canberra—early 1970.

² Part IV covered the administration of the Territory.

- (b) Tour of Territory with specific questions relating to number 3 above. Possibly early 1970, depending on progress.
- (c) Visit to overseas countries to note constitutional procedures in countries recently independent. Possibly mid or late 1970.
- (d) Tour of Territory with more specific constitutional proposals—late 1970 or early 1971.

[NAA: A452, 1969/3605]

319 MEMORANDUM, DJAKARTA (JOCKEL) TO DEA

Djakarta, 26 September 1969

CONFIDENTIAL

General Sarwo Edhie's remarks about T.P.N.G.¹

I refer to your memorandum No. 1258 of 18th September, your file 3034/10/1/4.²

2. I commenced action along the agreed lines before receipt of this memorandum. I discussed the matter with General Soepardjo at the Foreign Office and showed him a draft letter which I was thinking of sending to General Sarwo Edhie with a copy to the Foreign Office. Soepardjo asked me to give him an opportunity to discuss procedure with Army Headquarters before proceeding further. I thought this might lead to a request to me not to proceed with anything in writing, but in fact Soepardjo's advice, after discussion with the Army, was that I should write to him, that he would send copies to the Army and to General Sarwo Edhie, and that my Military Attaché³ should at the same time directly acquaint Army Headquarters with the action the Embassy was taking.

3. In fact, virtually at the same time as I was given this advice, my Military Attaché was called to Army Headquarters. There a senior officer expressed some regret that the matter had got outside Army channels and indicated that he would have liked it to have been disposed of by the Military Attaché coming along and discussing it informally at Army Headquarters. My Military Attaché explained that we regarded the matter as too important to be dealt with in this way since the statement had appeared in the official Antara News Agency and published in the Indonesian press. We were not taking any public action, but we did regard it as important that the facts should be recorded and placed before the appropriate Indonesian authorities irrespective of whether or not General Sarwo Edhie had been correctly reported. The official at Army Headquarters then said that he had discussed the matter with the Army Commander, General Panggabean, and they were

1 On 30 August, Edhie was reported by Indonesia's official news agency, Antara, as saying that 'discrimination based on skin colour is still seen in [East Irian] in the fields of administration, education and the armed forces'. Speaking on the basis of his visit to PNG of December 1968 (see Document 248), Edhie said he had never met or heard of an indigenous officer; that even among NCOs there were only 'one or two'; that segregation was evident in schools; and that further education and career opportunities were available in Australia to whites but not blacks (letter, Jockel to Soepardjo, 22 September 1969, NAA: A452, 1969/3856).

2 Osborn instructed Jockel to approach the Indonesians 'in the manner you proposed' and provided information on PNG intended to enable rebuttal and clarification of Edhie's remarks (NAA: A1838, 3034/10/1/4 part 9).

3 Colonel D.G. Sharp.

both convinced that General Sarwo Edhie could not possibly have said what was reported. The officer said that Sarwo Edhie was far too clever a man and that he had a promising career ahead of him and that he would know that any such statements by him would be very damaging to his future.

4. I am attaching copies of the letter which was given to General Soepardjo on 22nd September.⁴ I think we may take it that our action has registered strongly with the Indonesian Government. I mentioned it briefly to Malik, without further drawing him into a discussion on the procedure the Embassy was following. Our action in putting our position in writing would no doubt be regarded by the Indonesian authorities as a very direct and blunt way of going about a problem involving an Indonesian authority in General Sarwo Edhie's position. But this will increase the impact and bring home to the Indonesians that we regard this sort of thing as very damaging and it will help the important process of getting the Indonesians to think seriously about where they stand in relation to T.P.N.G. I would also expect that the word would go out to Antara to be careful in future. Please ensure that a copy of the letter goes to Mr David Hay in Port Moresby for his personal information and, also, please ensure that the precise form of the Embassy's action does not leak publicly.

[*matter omitted*]

[NAA: A452, 1969/3856]

4 Having dealt with Edhie's comments point by point, Jockel concluded: 'There is a substantial Australian presence in the Territory of Papua and New Guinea ... But it is beyond argument that the people of such an area could not advance and develop from their tribal beginnings without very considerable support from the outside. This is fundamental to the conception of trusteeship. It is fundamental to the carrying-out of the obligation which Australia has accepted in the United Nations to promote the political, economic, social and educational advancement of the inhabitants of the Territory and to develop them for the exercise of self-government. The Australian Government can point to the establishment in recent years of a whole range of institutions for higher education and training. These are now becoming fully operable with the increasing flow of indigenous people through the secondary school system, and they are now producing the personnel to man more and more senior positions in all walks of life. Certainly, the rate of advance and change are matters on which different views may be held and, in accordance with the operations of the international trusteeship system, Australia is in annual discussion with the appropriate organs of the United Nations on these matters. I am fully aware of the valuable efforts of General Sarwo Edhie to bring about co-operation between Australia and Indonesia in respect of the New Guinea area. This makes it all the more important for us to clear up any misconceptions and for me to put before you frankly and clearly the actual situation in the Territory of Papua and New Guinea' (NAA: A452, 1969/3856).

320 TELEX, DOET TO ADMINISTRATION

Canberra, 3 October 1969

9614. UNCLASSIFIED IMMEDIATE PRIORITY

Your 8387¹ constitutional committee proposed programme.² Generally speaking the programme embraces points which were discussed here with official members of Committee who are aware of our thinking.³ Government's attitude will need to be sought on several items and some delay is expected before this can be obtained due to forthcoming election. Meanwhile we assume committee will not embark on discussion of programme in depth (except for item 1 basic need) until self education of committee has advanced to stage enabling it to properly assess issues involved. When Arek was in Australia⁴ we pointed out that we saw the issues raised in 3(a) official members and 3(h) ministerial representation of Commonwealth departments as being ones in which the Government must have a special concern.

With regard to point 3(h) in general other Commonwealth instrumentalities operate in Papua and New Guinea under the direct authority of an Act of the Commonwealth for which some other minister is responsible to parliament. The Select Committee should not be allowed to think that it would be appropriate for arrangements to be made for representation for actions of departments or instrumentalities under the authority of Commonwealth Act to be answerable in the House of Assembly. The basic philosophy of role of the House is that it should deal with those functions of government which are paid for from the Territory budget. If the Select Committee wished to examine methods of bringing other instrumentalities or authorities within the purview of the House of Assembly they should consider whether they wish to propose organisational arrangements which will bring those instrumentalities within the ambit of the Administration and the Territory budget with the consequent increase in Territorial responsibility to provide necessary funds.

This does not of course exclude the present arrangements under which Official Members obtain information from the responsible authority or department. In connection with the role of Ministerial Members in reserved subjects your attention is drawn to para (2) on page 4 of the working paper⁵ which was discussed with Johnson. We have also stressed in discussion with the chairman and Morrison the importance as we see it of the committee fully investigating the present constitutional arrangements and their scope particularly under section 25 of the Act.⁶

[NAA: A452, 1969/3605]

1 Not printed.

2 See Document 318.

3 See Document 304.

4 Arek had been in Australia for a PNG Week symposium organised by the University of New South Wales (paper by Kerr and Ballard, undated, NAA: A452, 1969/3605).

5 That is, point (ii) in the section, 'Criteria for constitutional re-arrangements short of self-government', Document 284.

6 Hay reported on the third meeting of the Committee (6–7 October) as follows: 'The Committee endorsed the programme with some minor amendments, but without any changes of significance to the content. The Committee further established four Sub-committees to deal with respectively, name, flag, emblem, and anthem. The Sub-committees each had some preliminary discussion on ways and means of carrying out their task. The Executive Officer was directed to prepare papers on the matters set out in the programme, specifically those relating to Section 2 of the programme' (memorandum, Administration (Hay) to DOET, 11 October 1969, NAA: A452, 1969/3605).

321 MEMORANDUM, ADMINISTRATION (HAY) TO DOET

Port Moresby, 8 October 1969

CONFIDENTIAL

Report of the sixth meeting of the House of Assembly

Attached, herewith, is the report on the Sixth meeting of the House of Assembly.¹

Attachment

*[matter omitted]*²

Debate on Bills

4. Most of the Bills were non-controversial and there was little debate. The Appropriation Bill did attract a lot of speakers most of whom—

- (i) congratulated the Acting Treasurer on the Budget;
- (ii) thanked the Australian Government for the Grant; and
- (iii) asked for more money for roads, bridges, housing etc. in their electorates.

5. European members such as Evenett and Neville were inclined to be more critical than indigenous members but their criticisms were generally mild. The Pangu Party was also satisfied with the Budget. In the Committee stages Neville, P. Johnson, Somare and Fielding raised a number of queries and these were dealt with on the spot.³

¹ The House met from 20 August – 9 September.

² Matter omitted lists bills that passed all stages and that adjourned (Land (Underdeveloped Freeholds) Bill).

³ On 26 August, the Administration tabled in the House a review of 'development progress during [the] past financial year'. A summary of the report commented that progress 'was broadly in line with the objectives and targets of the development programme ... [and] prospects were good for an increased level of performance in 1969/70 ... economic activity was in general well maintained in 1968/69, and the economy expanded at much the same high rate of growth in government expenditure. The price level remained generally stable ... Accelerated expansion this year, and in the future, seemed probable because of the large public and private investment in view ... investment relating to the copper mining project on Bougainville would play an important part in development. Apart from timber, primary export industries generally had a good year, despite some weakness in the coffee market ... Manufacturing expanded at a high rate during 1968/69, and continued growth this year seemed assured ... The building industry had experienced some difficulties, but now seemed to be emerging from these. Skilled and semi-skilled manpower remained in generally short supply, and there was little immediate prospect of significant improvement ... Expatriate recruitment difficulties also continued to be a constraint on development in both public and private sectors. Land purchase difficulties may have an effect on agricultural targets later in the programme or in subsequent years' (Administration statement, 26 August 1969, NAA: A452, 1969/3712). A month later, a meeting between McCasker and DOET officials noted that the development program had 'some weak areas but no need [to] revise targets [at] this stage'. It was added that a 'Supplement to [the] programme to be produced for [the] next budget ... would: [1] incorporate [the] Bougainville copper project and any other major projects developed since the initial programme, [2] revise targets where major revisions considered necessary, [3] reinforce weak spots in the programme, e.g. manpower and transport, [4] be policy oriented, [5] embrace [a] summary of district development planning. [It would be] Necessary to determine whether [the] supplement would be [a] major revision or a new programme covering [a] new time span' (notes of discussion, 22 and 23 September 1969, NAA: A452, 1969/4440). District plans, which were nearly complete by September (loc. cit.) were part of the 'next stage in development planning ... the translation of the national programme into programmes for individual districts' (policy submission by McCasker, 28 August 1969, *ibid.*).

Debate on motions

6. The most important motions were:

MR. MECK SINGILIONG'S MOTION REGARDING RESTRICTIONS ON MOVEMENT OF PERSONS TO TOWNS⁴

This motion found a considerable amount of support. Members were concerned that in many areas only the old people remain in the villages. They also felt that because of the drift to towns, Local Government Council revenue in rural areas was not as high as it should be and as a consequence rural development suffered.

7. The point was also made that agricultural development is lagging because many potential agriculturalists are amongst the ranks of the urban unemployed. Other Members drew attention to the fact that urban unemployed get involved in illegal activities and also place demands on the accommodation and food of their employed relatives. Members were less concerned about restricting freedom of individuals than the Administration or the Australian Government would be.

[*matter omitted*]

COMMITTEE OF PRIVILEGES⁵

10. This debate was probably of more interest to the sophisticated members. Some members did not seem to fully understand the issues involved.

4 Singiliong moved that 'this House is of the opinion that serious consequences detrimental to village life result from large movements of people to towns and that unemployment follows and therefore requests the Administration to reintroduce restrictions on movements to towns except where a person is guaranteed employment or visits a town for a limited period for a bona fide reason' (*House of Assembly debates*, 20 August 1969, NLA: Nq. 328.952 PAP, p. 1461).

5 During his visit to Australia in late April – early May (see footnote 2, Document 276), Maori Kiki was reported to have said publicly that MMs were 'stooges of the Minister for External Territories' and that they were persuaded to accept their positions by offers of 'money, status and cars and all sorts of things'. He also claimed that European planters provided \$60,000 to the independent group on condition that it adopt a platform drawn up by the planters (MIS no. 6/69, 4 July 1969, NAA: A1838, 3034/10/1/4 part 8, and undated and anonymous DOET paper, NAA: A452, 1969/4056). Maori Kiki's statement was criticised in the House on 16 June and the next day a motion was passed establishing a Committee of Privileges with Dutton as chairman. The speaker was then asked to refer to the committee 'a grave breach of privilege amounting to contempt of the House'. Dutton reported on 25 August that Maori Kiki's offence had been serious but committed in ignorance and without malice toward the House. The committee recommended that the House accept a public apology from Maori Kiki and from the editors of three PNG newspapers who had published Maori Kiki's statements. The report was adopted by 58 votes to 10—and afterward the House adopted a motion by Oala Rarua that the representatives of the *Post-Courier* (which incorporated the other two papers) be excluded from the precincts of the House for the remainder of the meeting or until an apology was received. Meanwhile, the *Post-Courier's* lawyers sent a letter to the clerk of the House denying wrongdoing and suggesting that the House take legal action if it thought otherwise (undated and anon DOET papers, *ibid.*, and Waddell, 'May–August 1969', in Moore with Kooyman, *A Papua New Guinea chronicle*, pp. 86–7). The anger in the House had presented a problem for the Government. Hay had phoned Territories on 27 August saying 'that the independent group is out for blood and wants to prosecute [the] newspaper', but he was told that Barnes had affirmed Warwick Smith's view that 'honour would be seen to be done' by a brief exclusion of reporters from the House (minute, Besley to Ballard, 27 August 1969, *ibid.*). There were fears that a prosecution would fail (telex 8388, DOET to Administration, 27 August 1969, *ibid.*). Watkins also expressed some doubt as to the legality of a ban on reporters, yet Barnes was concerned that 'this matter does not degenerate into any sort of confrontation between the House ... and the Government'—a development considered possible if the House were not provided a 'face-saving device' (telex 8412, Besley to Hay, 28 August 1969, *ibid.*). Hay was also told that 'it might be useful' for the Administration to state that it did not condone Maori Kiki's remarks—'after all we are trying to nurture a fairly tender plant and allegations of the kind made ... are not helpful and indeed they border on the irresponsible notwithstanding the fundamental right to freedom of speech' (telex 8459, Besley to Hay, *ibid.*).

11. Understandably, the Pangu Pati opposed the recommendations contained in the report. Feelings ran high in the debate and Members such as Neville, Dutton and Lussick were quite incensed with the Post's attitude to the Dutton Report and they would have fought strongly to ensure that the ban was not lifted. Langro withdrew his motion to lift the ban on the advice of Somare who had been informed by the Independent Group that the Pangu Pati had not been opposed in getting its Migration Bill⁶ through the House and that if it lent support to Langro's motion, that motion would be defeated and Pangu would have a great deal of difficulty in getting anything through the House in the future.

12. Most members considered that it was necessary for them to give support to the Privileges Committee. In voting against the ban they would have been supporting Pangu and taking support away from the Dutton Committee. Dutton himself felt that the Committee had acted correctly and would probably have resigned if the House had not accepted the report and recommendations without amendment.

13. Outside the House there was a great deal of criticism of the fact that official members voted in favour of the ban. The voting figures indicate that if they had abstained from voting the ban would still have had majority support.

MR. OLEWALE'S MOTION ON PAPUA/QUEENSLAND BORDER⁷

14. Olewale spoke very sincerely on this motion. He felt that the boundary should not have been settled at a time when Papuans were not aware of the significance of international boundaries and he thought it very important for steps to be taken to remedy the present situation which is, in his view, highly unsatisfactory. He said that he knew the motion would be defeated but he predicted that in the future the existing border would not be acceptable to the Papuan people and they would endeavour to get it changed.

15. Olewale is a thoughtful and intelligent speaker. He appears to make up his own mind on any topic and this sometimes makes him appear to be speaking in support of Pangu. However, it is believed that he does not have any links with that group at the present time.

[*matter omitted*]

Ministerial and Assistant Ministerial Members

17. The Ministerial and Assistant Ministerial Members continued to answer questions and participate with confidence in debates. Their performance, in representing departments in the budget debate, was markedly better than last year, although some speeches could still have been shorter and with less statistical content.

18. Before the Privileges debate, Ministerial Members had expressed their concern on the issue and stated they wanted Administration support for their stand on the matter. In the debate itself Messrs. Abel and Wabiria spoke against Maori Kiki and his statements, although the latter seemed somewhat confused on the matter. However, Assistant Ministerial Members Kurondo, Langro and Watson showed some sympathy for Maori Kiki in their speeches.

6 Read by Voutas, the bill reworded the Migration Ordinance so that indigenes who left the Territory without a permit would no longer be guilty of an offence. The Administration made clear that it had no objection to the changes (*House of Assembly debates*, 2 September 1969, NLA: Nq. 328.952 PAP, p. 1560).

7 The motion declared the border 'most unsatisfactory and [one] that will become more unsatisfactory as time goes by, both because of the facts (which have been recognised since at least 1885) that the customary fishing grounds and reef of many Papuans, as well as other natural resources that ought to belong to Papua and New Guinea, are ... situated in Queensland waters, and also for other reasons'. The motion called for readjustment of the border and asked for the Administration's assistance in this regard (*ibid.*, 21 August 1969, p. 1485). For Government consideration of the issue, see Document 217.

General comments

19. On the whole the Meeting was lifeless and Members, for the most part, appeared to be fairly disinterested. Of the thirty-five Bills that went through the House, there was little debate on any apart from the Appropriation Bill. The Privileges Motion was the other main item which attracted Members' interest. There could be a number of reasons for the dull tone of the meeting and these are as follows:

- (i) A number of leading members were absent for a large part of the meeting. These included Tammur, Lapun, Ashton, Toliman, Titimur and Leahy. Tammur and Lapun, in particular, usually contribute a lot to debate when they are in the House and their absence was noticed at this meeting.
- (ii) The Privileges debate may have left a nasty taste in some of the Members' mouths. While the debate itself was quite lively, Members may have been inhibited, to some extent, by the amount of public criticism that followed their action in banning the newspaper.
- (iii) There were a number of interruptions which may have prevented the Members from taking much interest in the business of the House. The South Pacific Games activity and the Mt. Hagen Show break may have distracted some Members and events in Bougainville⁸ and Rabaul⁹ may also have taken some of the interest away from the House.
- (iv) Members elected to the Second House have now attended six meetings and have, in a number of cases, not played much part in the business of the House. It may well be that some of the less sophisticated members found the House interesting for the first few meetings but they may now be bored with sitting in the House day after day and not participating much in debate. There is a hard core of regular speakers, apart from official members, such as Arek, Tammur, Somare, Chatterton, Abel and Giregire but many members who often stand to speak seldom get the call.

Pangu Party

20. The Pangu Party was generally quieter than it had been at earlier meetings and it came in for less criticism from the Independent Group. The Party opposed the majority on the Privileges case and was supported by Chatterton and Olewale in its stand.

21. Somare stands out as leader of the Party. He has a good presence and his delivery is excellent. Voutas' speeches are well researched but he is long-winded and his delivery is poor. Many of the intricacies of his arguments are lost in Pidgin translation. His speeches read better in Hansard than they sound when they are being delivered.

22. Lus is something of a liability to Pangu. He is regarded by Members, generally, as something of a court jester.

23. The Migration (Permits) Bill which was introduced by Voutas passed all stages. This can be regarded as one of Pangu's few successes to date.¹⁰

Attitudes

24. There was occasional criticism of Europeans, Australia etc. although there was nothing of major significance. It is probable that such criticisms will increase.

⁸ See, for example, Document 307.

⁹ See, for example, Document 310.

¹⁰ Commenting on a report of late October that the formation of a party of 'responsible indigenous Members' was possible, Barnes wrote: 'The suggestion ... is attractive especially as Pangu are active in increasing their influence' (marginal note, 30 October 1969, on letter, Hay to Warwick Smith, 22 October 1969, NAA: A452, 1967/2735; see also letter, Warwick Smith to Hay, 3 December 1969, *ibid.*).

25. Arek, who is a very impressive speaker and inclined to be deliberately provocative, said that Australia had discouraged the development of sugar, rice and banana industries in the Territory so as to avoid the possibility of competition. Mr. Ritchie¹¹ outlined the real situation with regard to these crops but Arek was probably aware of the facts already and was more interested in making headlines. He also suggested that many overseas officers should not be paid expatriate allowances and he said that all primary 'T' teachers should be paid local rates only. Arek would be aware that there are a large number of overseas primary teachers, including married women, who would seek alternative employment or cease work altogether if they were to lose expatriate allowances but he would also be aware that there are many people in the electorate who agree with his proposal wholeheartedly and his statement could only enhance his reputation as a politician. Members of the Independent Group feel that Arek is often putting the views of the Speaker rather than his own. His approach as Chairman of the Constitutional Committee will be interesting to observe.

26. Most members expressed their gratitude for the generous Commonwealth grant although one or two felt that as there was so much to be done, more funds should have been provided. One member felt that Australia's assistance to other countries should be reduced and the saving channelled to the Territory. The votes of thanks far outnumbered criticisms of the grant.

27. Bokap, Langro and one or two others were critical of the Administration's birth control policy. Their remarks indicated that they were not too clear on the policy as they spoke as if birth control was to be mandatory.

Interpretation

28. The standard of interpretation during the Meeting was very poor. This is apparent from perusal of the daily type-written Hansard in which sections of speeches are left out and other sections are mangled beyond recognition.

29. Most of the Interpreters during this meeting were indigenes. Their translation from English to Pidgin was of a far better standard than their translation from Pidgin to English. Even so, it was difficult to comprehend a lot of what was being said as reproduction through the earphones leaves a lot to be desired.

30. Members who only understand Pidgin English prefer everyone to speak in that language and whenever a bi-lingual speaker starts talking in English a number of Members make loud requests for the speaker to 'Tok Pidgin'. Arek, Somare, Neville, Lussick and Tammur always speak in Pidgin when they wish to get a message across.

The Speaker

31. The Speaker did not appear to get as flustered during this meeting as in previous meetings. He continued to rely on the Clerk¹² for advice on all procedural matters. He is inclined to let proceedings become fairly noisy before attempting to restore order and he usually waits until his attention is drawn to something requiring his action rather than take the initiative himself.

32. On a few occasions when asked a question without notice he was able to read out a fairly detailed reply.

33. The Speaker does not lack dignity and all things considered he carries out his duties as efficiently as the previous speaker.

[NAA: A452, 1968/3178]

¹¹ J.E. Ritchie.

¹² W.B.P. Smart.

322 LETTER, PLIMSOLL TO WARWICK SMITH

Canberra, 13 October 1969

You will remember that in 1965, with the approval of the then Minister for External Affairs,¹ I proposed orally to you that a couple of indigenous persons from the Territory of Papua and New Guinea should attend the External Affairs course on foreign service training which begins early each year and that thereafter they should work within the Department of External Affairs, both in Australia and overseas, as preparation for the day when New Guinea either became independent—in which case it would need a diplomatic service of its own—or had some other relationship with Australia—in which case New Guineans would need to be associated in some way with the Australian diplomatic service. In reply, you told me that you could not make anyone available, as you considered that there were higher priorities in demands for the limited number of New Guineans available for government service. You said that the Administrator (Mr David Hay)² was of the same view. Indeed, Mr Hay, when I discussed the matter with him later, indicated that he did not favour New Guineans being trained in diplomacy at that stage.

I spoke to you about this again in 1967, and you were at that time still of the view that New Guineans could not be made available for this training.

I write to you again now, with the approval of the present Minister for External Affairs,³ to ask that you consider making two or more indigenous men from New Guinea available from early next year. There would, I know, be a number of practical matters to be worked out, in association with the Public Service Board, to enable the men concerned to continue working in the Department of External Affairs without infringing regulations of the Public Services of the Commonwealth or of the Territory of Papua and New Guinea. There is no point in going into those matters if you do not wish to nominate anyone for next year. If you do wish to proceed, details could be discussed by the appropriate officer of your Department with the Senior Assistant Secretary, Management Services (Mr K.G. Brennan) of this Department, who will also be able to give your Department an indication of the qualifications desirable in any nominees and other matters relating to training and service.

My own view continues to be, as it has been for some years, that Australia should be training persons from New Guinea to be able to serve in the foreign service of an independent New Guinea. Furthermore, if we build up within the next few years a group of Australian-trained foreign service officers, this will greatly facilitate co-operation between Australia and an independent New Guinea.⁴

[NAA: A1838, 936/6/10 part 1]

1 Paul Hasluck.

2 In fact, Cleland was Administrator at this time.

3 Gordon Freeth.

4 Plimsoll had also written to the Department of Health suggesting that PNG should seek associate membership of the World Health Organization (WHO) because this was 'customary for territories on the way to independence' and because it was 'desirable that the Territory's indigenous representatives should gain experience of attendance at international meetings' (letter, Plimsoll to Sir William Refshauge (Director-General of Health), 21 August 1969, NAA: A452, 1968/6139). In a letter to Health, copied to Plimsoll, Warwick Smith later wrote that 'this is a matter on which consideration ought to be deferred for the time being. We have come to this conclusion for two main reasons. The first is that the benefits likely to accrue seem few ... The second relates to the future of the Territory and its political development. Associate Membership of any international organisation might be taken as presupposing the shape of a self-determined Papua and New Guinea or an indication that the Government is hastening moves towards self-determination ahead of the timing considered appropriate by the majority of the people of the Territory' (letter, Warwick Smith to Refshauge, 22 September 1969, *ibid.*).

323 PAPER BY BOURCHIER

Canberra, 17 October 1969

Independence of TPNG Some questions for the Department of External Affairs

The possibility of independence for TPNG is sufficiently close to influence, if not determine, all plans for the development of the Territory and its institutions. The development of institutions is carried out by the Department of External Territories in accordance with Cabinet directives. In formulating these directives the Minister for External Affairs participates both as a Cabinet Minister and as the Minister responsible for including in the directive considerations deriving from his responsibility for the external relations of Australia. These responsibilities have both present and future aspects. The relationship Australia will have with the independent PNG, especially the objectives of Australia's external policy in respect of PNG is a matter for his primary concern, being a matter which clearly extends beyond that area of policy for which the Minister for External Territories is responsible. Because independence is in increasingly close prospect the question of constructing Australia's relationship with independent PNG has now become a major and urgent, rather than a subsidiary and postponable, question of policy. Accordingly it appears timely for this department to recommend to the Minister that certain pertinent questions should be considered by Cabinet in the near future. The following paragraphs cover in a general way some of the necessary contents of a submission to the Minister.

A PNG foreign service

2. One function of independent government to which planning must be directed at the proper time is that of foreign relations. PNG's external relations will be very important to it (and to Australia) from the beginning. It would certainly be unwise to assume that PNG can count on experiencing an extended period of calm in its foreign relations upon its entry as an independent nation into the international community and/or that it will have no important decisions to make in the field of foreign policy. It will, on the contrary, require a competent Ministry for Foreign Affairs immediately independence is granted. Such an institution cannot be put together at short notice but will require building up over a number of years. Because the Australian Department of External Affairs is the natural source of guidance for the new M.F.A it is timely for us to consider the form which this guidance should take, and to establish a programme. (Equally, Australia will need to have decided, well in advance of independence, a number of important questions about its own representation in PNG and to have made appropriate preparations. The disappearance of the role of the TPNG Administration and of the Department of External Territories in respect of PNG will involve a sudden accession of heavy responsibilities to the Department of External Affairs, for which advance preparation is needed.)

3. Independence of a country is usually followed quickly by the request of a substantial number of foreign countries to establish diplomatic missions. In the case of PNG, about a dozen countries are likely to apply immediately, including the US, USSR, Japan, Indonesia—perhaps both Chinas, and ten or twenty others within the first year or so. PNG will require an MFA to deal with these missions and sufficient trained officers to maintain a limited representation abroad, say in Australia, Indonesia, Japan and the US.

4. Beginning with a sufficient number of university graduates it would take at least five years of training and experience to prepare a cadre capable of running a foreign service

with the extreme minimum of efficiency, even allowing for assistance from outside (i.e. from Australia). Ideally the period of training would take much longer.

5. It is not now readily predictable whether independence will come in five or twenty years. The majority of forecasts appear to favour 5–7 years, although shorter periods have also been predicted. A full-scale programme launched now to develop a PNG foreign service may conceivably produce one before there is any need for it, [and] may indeed help generate pressures for premature independence. This is a matter for judgment, but one may observe that the danger of arriving at independence without any capability to handle the foreign relations of the country is a more serious risk than acquiring that capacity before it is vitally needed. It would seem most desirable to make a start with the nucleus of a foreign service in the immediate future. This could take the form of a Foreign Affairs Section in Port Moresby, serving the Administration but not fully integrated into the Administration. A senior External Affairs officer should be in charge, assisted by a small number of others, and some PNG trainees of the best available quality. While the basic purpose of the section would be to train the foundation members of the PNG Foreign Service, it would also have immediate practical functions. The section would receive from External Affairs, Canberra, copies of all correspondence with a foreign content concerning or of interest to PNG, e.g. reports of UN proceedings, correspondence with the UNHCR and the Indonesian Government relating to West Irianese refugees, reports of events in and concerning West Irian, Indonesian political attitudes to PNG etc. It would regularly or as required, produce political information for the Administration {and} for the House of Assembly. It would provide answers to parliamentary questions on foreign affairs and speakers to address House committees, and would participate in briefing political representatives going abroad for official purposes, e.g. to join a General Assembly delegation. Members of the Section would be present at important border liaison meetings and at other meetings with the Indonesian administration of West Irian. The trainees could service such meetings, make the records, etc. The Section would arrange details of visits of important foreign visitors to TPNG and provide escorts for them. Trainees would also be sent to the Department in Canberra for experience and to posts abroad. The question of permanent attachments should also be considered at some stage. Just as the British used to set up a small net of foreign representation from colonies approaching independence in anticipation of the event, we could for instance have a permanent post for a PNG officer in our Embassy in Djakarta at least.

6. As time passed, the Section would build up archives containing a great deal of basic reference information on functional and policy matters, legislation, treaty series etc., and a group of indigenous officers experienced in making use of it.

7. There is an important duality. First, the foreign service must learn its job. Second, those who are to exercise national authority should learn, before they begin to do so, the nature of foreign relations and the functions and capabilities of a foreign service.

8. In the case of PNG the people who will constitute the independent government are probably in large part those already involved in government, and it is by no means too soon to begin their acquaintance with international affairs. Of course it is not simply a matter of becoming aware of techniques but even more so of learning to perceive what PNG's national interests actually are.

9. Reverting to the question of prematurity, i.e. of producing a cadre of trained foreign service officers too far in advance of independence, this need not be a problem. The foreign service training would produce persons usable in other branches of the Administration.

Their time in the F.A. Section would have broadened their experience and acquainted them with administrative techniques, and they would of course be qualified to return to foreign service work if and when the need arose. Indeed the longer the period before independence the more officers would have passed through the Section and the larger the cadre to draw upon when the time comes. Twenty or thirty such officers would not be any too few. The possibility is also to be weighed that the Australian Government which has accepted the obligation to prepare TPNG for independence may soon be asked in the UN pointedly what preparations it has made in respect of a foreign service for the independent state. There would seem much to be said for anticipating this inevitable question by setting in motion a programme which we regard as suitable rather than waiting to be hustled into action by international pressure.

10. The structure of the PNG MFA and the extent of Australian participation in it will have to be considered. Much will depend on the acceptability of Australian advice, whether we wish for and can achieve the sort of relationship that the French have with more dependent francophone states in Africa etc. This latter subject is further discussed below.

Australian representation in PNG

11. (I) PERSONNEL

At independence there should be a nucleus of trained External Affairs Officers ready to move immediately into the Australian mission. They should be familiar with PNG and some at least must be able to speak Pidgin, because this will remain the only means of communication with large and important sectors of the community. The present Administration of TPNG and the Department of External Territories are of course the major repositories of expertise both in local knowledge and of languages and would seem a natural source of personnel to staff an Australian mission in Port Moresby, but British experience in Africa indicates that colonial administrators are not readily acceptable as members of diplomatic missions in the country of their colonial service.

12. If there is to be a Foreign Affairs Section as recommended above, then the External Affairs Officers who serve in it would be able to acquire there the necessary expertise in PNG politics, language etc. Service in Port Moresby before independence could be on a two year basis and bear many similarities to a normal overseas posting.

13. (II) PROPERTY

On the assumption that we will intend Australian influence in PNG to be greater than that of other countries, the Australian mission should be of adequate size and quality (the Australian Chancery, Djakarta, is both an example and an object lesson. Its facilities are better than usual for Australian Missions, and it is even riot-proofed, but it has proved too small within three years of its opening). Plans for the mission buildings—Chancery, Head of Mission's residence and staff quarters, should be prepared well in advance. They should bear no relation to existing standards in Port Moresby, which are generally low, having been built within a different financial context. Other foreign missions will be obliged to build because of the general shortage of accommodation and some, e.g. the Japanese and Indonesians, will doubtless take prestige considerations prominently into account. Existing government buildings, including the Administrator's residence, must be expected to be occupied by indigenous officials and notables.

14. Land should be reserved in the name of the Australian Government for all these purposes as early as possible, with careful attention to siting.

Australia's relationship with independent PNG

15. Australia's interests in PNG will be greater than those of any other country. To begin with material interests: investment, already substantial, will probably be considerably greater by the date of independence. We shall wish to have enough influence to protect that investment and future economic opportunities against policies of economic nationalism and against the strong competition to be expected from other foreign interests, especially Japanese interests.

16. If a great deal of Australian influence were to be replaced by powerful rivals, our economic stake would be diminished but we would not necessarily free ourselves of our obligations to provide support (e.g. aid, finance, military assistance) for PNG. And we would of course stand to suffer more than economic damage. A government that chose to act capriciously in the manner of many other newly independent countries, could make trouble for us by acting provocatively towards Indonesia or towards its neighbours to the east; by squandering its assets on expensive armaments and prestige activities as Ghana, Guinea, UAR, Indonesia, Somalia etc did; allowing commercial pirates to bribe their way into choice logging and mineral areas in a way which would impoverish PNG's patrimony; engage in hasty and ill-considered political policies which would result in social disorders, tribal animosities and possible secession of areas such as New Britain and the Solomons to form political entities even more vulnerable to outside exploitation and political and economic regression.

17. A situation of chaos in the islands across our northern approaches may not threaten Australia's security. That is it may not imperil Australia's survival. However, on a pessimistic reading it could do that. Given the precedents available, one need not assume limits to the capacity for folly of newly independent governments. Thus an alliance of PNG with Communist China cannot be dismissed as impossible. Other plausible nightmares may be conceived including Congo-style interventions in support of warring factions. It would, of course, also represent something of a disgrace for us, and the complete failure of our aspirations for the people of the area. Resumption of control would not be a practical possibility, and we would be likely to have quasi-Liberias and Haitis as neighbours for the indefinite future. The prospect of an economically ransacked PNG, a perpetual financial burden and source of political anxiety to Australia is not unreal, or even unlikely, assuming a few bad political mistakes.

18. Looked at from PNG's point of view, the most difficult problem will be to follow a steady political and economic course in the face of communist and other foreign political pressures, nationally backed economic aggression and the economic inducements offered by foreign interests to officials and political leaders to grant economic concessions. It would be of great assistance to have a sufficiently close relationship with the ex-metropolitan power to enable the government to accept advice without domestic political embarrassment. To maintain such a relationship for any length of time would require considerable political skill on both sides, and a period of extended and purposive preparation.

19. France has managed to achieve a relationship with some of the Francophone African States, Ivory Coast is a notable example—under which strong French influence is fully acceptable. French advisers have been giving the Ivory Coast Government competent advice on foreign relations and on economic and administrative matters for the last nine years, apparently without their presence giving rise to any serious resentment from those obliged to accept the advice. The example is one which we may wish to follow. We would certainly be remiss if we did not make a thorough study of the French techniques and

experience to see what there is in it for us to learn and profit from. It would seem unwise not to go beyond study of the British experience of decolonization. The British objective has never been the same as the objective we are likely to seek in PNG. Our probable objective of close continuing involvement is much closer to that of the French.

20. *Conclusion*

What seems to be required is:—

- (i) a decision in principle that preparations for the establishment of a foreign service for PNG and for Australian representation in PNG be begun in the near future;
- (ii) the establishment of a study group under the control of the Department of External Affairs, with External Territories and other participation as appropriate, to formulate recommendations {in to the shape of our future relationship with PNG and, as an early step,} as to what should be done to implement (i) above, taking into account British, French and other relevant experience.

[NAA: A1838, 936/3/24 part 1]

324 LETTER, BARNES TO LYNCH¹

Canberra, 20 October 1969

SECRET

I refer to your further letter of the 14th July regarding your proposal to increase the strength of the PIR.² As I see it, the significant aspects of the background to Cabinet's decision of 18th September, 1968³ are as follows:

- The original decision to expand the PIR to three battalions was taken at the time of confrontation and had regard to the possibility of a threat from Indonesia after it had taken over the administration of West New Guinea;⁴
- following the lessening of tension between Australia and Indonesia, I wrote to the Minister for Defence in March 1967 raising a number of questions regarding the optimum size of the defence force, the indigenous strength of which at that time stood at about 2,000;⁵
- it was agreed between the Minister for Defence, the former Minister for the Army and myself in October 1967 (by which time the indigenous strength had risen to 2,200)

¹ P.R. Lynch.

² Document 294.

³ Document 222.

⁴ See Document 12.

⁵ See attachment B, Document 111.

that authority should be sought from Cabinet for a variation in existing directives regarding the target strength and expansion programme of the PIR;⁶

- it was not until September 1968, however, (when the strength had increased still further to 2,450) that, following the Defence Committee's consideration of a Joint Planning Committee study of the future of the PIR,⁷ I decided to bring the matter before Cabinet;⁸
- although Cabinet, as you suggest in your letter, may not have had before it the Defence Committee's minute, it was certainly made aware (by the references in my submission) of the Committee's views on the two main points of substance—
 - that a review of the PNG defence forces should be undertaken not later than 1970.
 - that meanwhile Army should work to a PIR strength of 2,850 Pacific Islanders plus 650 ARA by June 1969, i.e., two battalions plus supporting units.

In the event Cabinet agreed to my submission that it would be reasonable to hold the strength of the PIR at approximately the present level, subject to such marginal increases as might be agreed upon between the Ministers concerned, until the proposed review could be carried out.⁹

The first paragraph of page 3 of your letter of the 14th July¹⁰ indicates that you were unaware of objections to completing the organization of the second battalion of the PIR. I am a little puzzled by this since it was in opposition to the Defence Committee's view that Army should work to the completion of the two battalion strength pending the carrying out of the review that I explicitly recommended to Cabinet that the strength be held at its existing level. To my mind, therefore, it would be against the spirit of the Cabinet decision to go ahead at this stage with the recruitment of the 119 members needed to complete the second battalion.

As regards the other increases proposed, having regard to the information given in the Department of Army's memorandum attached to your letter,¹¹ I would accept the need for the following in the interests of operational efficiency:

Transportation Squadron—15

Goldie River Dart Range—6

Ordnance Depot Detachment—8

With reference to the requirement for 29 staff for the medical centre at Taurama Barracks, I understand that 22 soldiers have already been transferred to the medical corps to staff this facility and I would have no objection to the recruitment of the remaining seven.

6 See Document 145.

7 Document 190.

8 See Documents 216 and 222.

9 For Defence–DOET discussions in early 1969 on the long-terms status of forces in PNG, see footnotes 1 and 2, Document 262. Preparations for a Joint Planning Committee paper continued throughout 1969 (see NAA: A452, 1969/911).

10 That is, the paragraph in Document 294 beginning 'From the foregoing'.

11 See footnote 4, Document 287.

I also accept the need for the staffing of learner positions to enable indigenous soldiers to take over from ARA personnel in due course,¹² and I would have no objection to recruitment for these positions proceeding on the understanding that suitable personnel could not be obtained from within the existing strengths of the first and second battalions.

I am sending a copy of this letter to the Minister for Defence.¹³

[NAA: A452, 1968/4163]

325 LETTER, HAY TO BARNES

Port Moresby, 20 October 1969

CONFIDENTIAL

I mentioned to you when I was in Canberra early in September my belief that in order to involve Papuans and New Guineans more in the difficult decisions which need to be taken to develop this country, it is necessary to ensure that they have and are seen to have, through the elected Members of the House of Assembly in the Administrator's Executive Council, a greater share in the responsibility for those decisions.¹ I said that I thought this could be done within the limits of the presently amended Papua and New Guinea Act, in particular Section 25² of it. You observed that you would not favour any early moves which involved amendments to the Papua and New Guinea Act.

Early steps which could be taken include giving of greater authority to Ministerial Members vis a vis the Departmental Heads than they now have. Ministerial Members could be made responsible to the Administrator for such policy aspects as fall to the Administration in relation to their departments. These would in the main consist of recommendations or comments on policy and not in present circumstances, decisions.

I also said that the formal advice of the Administrator's Executive Council could be sought much more widely than it is now on matters which are not required by legislation to go before it. These included both policy and administrative matters. The most important of the former would be the budget. Included in the latter would be administrative decisions on law and order.

On further reflection, I believe that consideration should also now be given to a delegation of authority by the Australian Government to the Administrator's Executive Council

12 White had written to Defence: 'As you are already aware, as the Territory advances towards independence, we intend to replace all ARA positions in PNG units. To do this, it will be necessary to raise gradually the Pacific Islander ceiling so that selected members can be made available for special training without unduly impairing unit efficiency. Furthermore, in the case of many officer, NCO and specialist appointments the Pacific Islander requires a period of assessment and supervision in the appointment alongside his ARA counterpart before the actual replacement can be made and the ARA member released' (memorandum, Army (White) to Defence, 14 July 1969, NAA: A452, 1968/4163).

13 Further correspondence of October has not been found, but later documents indicate that Defence and Army understood Barnes and Lynch to have agreed during that month to an increase of 99 men (see, for example, memorandum, Defence (Poyser) to DOET, 9 June 1970, *ibid.*).

1 See Document 316.

2 See editorial note 'Changes to the Papua and New Guinea Act'.

collectively in defined fields of policy. Procedurally, such authority would be delegated to the Administrator, acting on the advice of the A.E.C. This would involve the Ministerial Members collectively assuming the responsibility for policy decisions in defined fields. It would, I believe, not involve a change of substance in government policy. It would involve a change of pace (and this is, of course, in itself a matter of policy), because to date there has been no delegation of authority to make decisions on policy. The present position is one in which there is some sharing by the Commonwealth of its decision-making responsibility, but virtually no delegation.

It may be thought that delegation of this nature is equivalent to the granting of self-government, which is widely held to be premature and which would arouse a good deal of apprehension in rural areas, particularly the Highlands. However, this is not intended, and is not, I believe, the case. I do not, for instance, have in mind any formal change in the Papua New Guinea Act, and I am not recommending an immediate devolution (or handing over) of constitutional authority. I have in mind that the Minister might state publicly that from a certain date the Minister would adopt the practice, provided for in Section 19 of the Act,³ of referring all policy issues relating to the defined fields, whether emanating from the Ministerial Member concerned or not, to the Administrator's Executive Council for formal advice, that the Administrator would accept that advice (subject only to its not impinging on fields where authority has not been devolved, subject to its not involving a breach of any agreement with the Commonwealth previously entered into—e.g. the mutual undertakings by the Commonwealth and the Territory House of Assembly in the development programme—or of policy mutually agreed upon, and subject to there having been prior consultation with the Commonwealth through the Administrator), and that the Commonwealth would accept policy decisions made in this way.

These proposals would be additional to the financial delegations which you have already agreed in principle should go to the A.E.C.⁴

It is for consideration whether a delegation of authority to make policy decisions is meaningful without further delegation to determine the financial implications, including amendments to the budget. My preliminary view is that the further delegation in respect of budgetary implications is in fact required. The limitation here could be that no change in the budget strategy approved by the Commonwealth could be made by the A.E.C. without prior consultation and agreement.

As I have said, these changes would not involve amendments to the Papua and New Guinea Act. The wording, for instance, in Section 25(1)(a) would remain appropriate because the Administrator, on behalf of the Commonwealth government, would have the right to formulate policies and plans for all departments and place them before the A.E.C. for advice. The Commonwealth would be voluntarily refraining from the actual exercise of its constitutional responsibility in the defined fields. It would not abrogate its right.

I do not yet have firm views on what the 'defined fields' mentioned earlier should be. But my first reaction is that they should embrace the activities of all departments which now have Ministerial Members, together with Transport, Social Development and Local Government.

3 See loc. cit.

4 See editorial note 'Administrative delegations and the role of Assistant Administrators: continued debate'.

The result of these changes will be to place the Departmental Heads of the Departments concerned firmly under the direction of Ministerial Members on other than management matters.

It is also for consideration whether Assistant Ministerial Members should not also have an increase in responsibility—to that enjoyed now by Ministerial Members. My preliminary views are that they should, but I have not studied this aspect fully and make no formal submission in this letter. Again, no amendment to the Act would be involved, but the Arrangements⁵ would need to be changed.

I should emphasize that in discussions with Ministerial and Assistant Ministerial Members resulting from Mr Langro's resignation,⁶ no representations have been made to me for changes on the above mentioned lines. But I have the impression that some Assistant Ministerial Members other than Langro are not happy with the system. While not wishing to resign, they would not favour the continuance of the system beyond 1972. I also have the impression that the extra responsibility proposed for Ministerial Members would not be unwelcome.

I emphasize that I have been led to make the proposals in this letter by my concern at the lack of involvement of Papuans and New Guineans, under the present arrangements, in the main policy decisions affecting their future. There has been considerable, and useful, consultation with elected members through the A.E.C. and the House, and the main policies have been endorsed by both. But these procedures have not secured involvement. As I wrote to you in my letter of February, 1969,⁷ the government is still 'they' and not 'we'. This consideration, rather than any academic attachment to a particular timing for self-government, has been the dominant one leading these suggestions.⁸

We need also to consider the possibility that in the 1972 elections a Territory party may gain a majority in the House and thus a majority in the A.E.C. The consequence of this would be that in respect of the defined fields of policy the views of the majority party would, subject to the conditions set out in this letter, prevail. This possibility suggests a very careful scrutiny of the 'defined fields of policy' but not, to my mind, the abandonment of the proposal in this letter.

The question arises as to whether, if you agree to the suggestions in this letter, they should be announced by yourself at an early date or whether they should be fed into the Select Committee on constitutional matters, with the latter being encouraged to embody them in an interim report, and thus take credit for them. I favour the first alternative because I think

5 See Document 197.

6 In late September, it had become widely known that Langro was dissatisfied with the ministerial system and that his resignation was imminent (Waddell, 'September–December 1969' in Moore with Kooyman, *A Papua New Guinea political chronicle*, p. 97).

7 Document 259.

8 Hay has since given further explanation of his thinking at the time: 'to an overriding extent I was influenced by the fact that here were we making decisions about police movements in Rabaul and Bougainville, which had the formal approval of the AEC, because I had asked for their formal advice ... but they could still go around saying that it wasn't their responsibility. Certainly the impression that one had, from the public reaction to these events ... was that they were Australian decisions ... in formal terms, they were Australian decisions. I felt that the only way we could escape from this corner would be by some formal arrangement actually fastening on the elected members the responsibility for this kind of decision ... I think another factor influencing me at the time ... was the feeling amongst members of the House that there was too much decision-making in Canberra hands and it was about time it came over' (Hay interview, 1973–4, NLA: TRC 121/65, 7:1/3–4).

a direct Commonwealth initiative is necessary in order to give quite clearly the impression of Commonwealth willingness to encourage movement towards self-government where that proves desirable, without being forced into it.

I am sending a copy of this letter to the Secretary.⁹

[NAA: M3787, 14]

326 LETTER, WARWICK SMITH TO PLIMSOLL

Canberra, 24 October 1969

In your letter of 13th October 1969 you asked if I would consider making available two or more indigenes from Papua and New Guinea to attend the 1970 foreign service training course and for consequent training and service in the Department of External Affairs.¹

When the Minister for External Territories considered a similar suggestion last year he felt that at the present stage of the Territory's development and with the considerable shortage of suitable young educated Papuans and New Guineans for all essential services in the Territory such a move might be premature.²

The situation in the Territory has not changed markedly in this respect since then. The demands for tertiary training and employment of these people will exceed the supply for some time ahead and consistent with the Government's policy of localisation of the Public Service will be the necessity to train and use those people available to the best advantage of the Territory.

At this stage, I can see no likelihood of our being in a position to provide a local officer with the sort of qualifications I think you would expect until about 1972/73 and even then there may well be tasks of more immediacy in the Territory for which those men will be required.

This is not to say that we shouldn't be providing Territory people, both public servant and politician, with experience in international affairs and exposure to the peoples and problems of other parts of the world. We are already doing this and I'm hopeful that we can do more.³ Moreover, I agree with you that although

9 Hay discussed the matter with Barnes in November but 'didn't get much change from him'. On 24 November, the Minister sent a formal reply. This reply has not been found but was quoted in part by Hay during a later interview: 'I do not accept that present possibilities have yet been developed to the point where further devolution of policy responsibility from the Government to the Administrator's Executive Council would be useful. Ministerial members must have a good deal more experience in exercising responsibility in matters on which decisions are taken by the [Australian] Minister or Cabinet ... A good deal can be done within existing approved arrangements towards increased responsibility within their department and within the Council ... I agree with your view that early steps should be taken to give greater authority to ministerial members vis-à-vis the departmental heads than they may now have. More matters should be referred to the Ministers; more decisions taken now by officials should be taken by ministerial members or by the AEC'. Barnes also wrote that too many public statements were being made by officials instead of MMs (*ibid.*, 7:1/4-5).

1 Document 322.

2 See Document 225.

3 On 9 September, Freeth had suggested to Barnes that two indigenous advisers be sent to the UN General Assembly in 1969, as had been the practice in previous years. In a marginal note of 10 September, Barnes proposed Lue and Oala-Rarua (letter, Freeth to Barnes, 9 September 1969, NAA: A452, 1967/6093).

we haven't been able to pick up your suggestion in the past we should be doing something now towards training persons from the Territory for foreign service.

With a limited number of University graduates available, however, the only types of men we could now put forward are either those straight out of high school or the older chap around 30 years of age with limited formal education but quite literate and intelligent and with some working experience in the Administration. We could possibly pick out one or two from either group if there is a reasonable chance of achieving a worthwhile result. If we were to push this idea forward we would need to consult the Administrator's Executive Council and the Minister and to sort out the large number of practicalities involved in devising what would probably be a specially tailored training programme. We would have to consider for example, the ways of moving people backward and forward between your Department, overseas posts and the Territory so that they don't get too much out of touch with Territory realities.

If you think something could be done with people from either of the two categories concerned, I will be pleased to have someone talk with Mr Brennan, with a view to consulting the A.E.C. and the Minister on a reasonably developed proposal later this year. Whether we could have something going for 1970 would come out of these consultations.⁴

[NAA: A1838, 936/6/10 part 1]

327 LETTER, BESLEY TO HAY

Canberra, 3 November 1969

SECRET

During your last visit you mentioned to the Secretary your concern about the present Territory Intelligence set up. You seemed to be thinking of the establishment of a cell in the Administrator's Department to serve I assume in some kind of co-ordinating role.

We have been concerned ourselves for some time that the present arrangements are not satisfactory.¹ My understanding is that you are producing specific proposals for consideration by the Board.

It seems to me that the starting point in the exercise is to lay down clearly what the Administration's requirements are and presumably this is being done. The next point to examine is the existing machinery which in a broad way I suppose consists of the Special Branch and the T.I.C.

The Special Branch does not appear to have a clearly defined place in the scheme of things and I think this is one of the facts which makes it less efficient than it ought to be.

⁴ Plimsoll responded on 9 December: 'Officers of our two Departments have since [your letter] had some informal discussion of some of the considerations involved. It is appreciated that there will be many competing claims for the first graduates of the University of Papua and New Guinea ... Even so, I consider that it would be worthwhile in the meantime to select either school leavers or older men around 30 years for training. I suggest that discussions now proceed in greater detail between officers of our two Departments to explore the possible training programme and the terms and conditions under which trainees would come here early next year' (NAA: A452, 1966/3850).

¹ See Document 306.

The second is that it does not have adequate headquarters staff.² Our view here is that the staff of the Branch should remain in the Public Service but be responsible to the Commissioner of Police. For that purpose he could have a Departmental Head role as well as being Commissioner of the Constabulary. The rationale of this is that every police force needs an intelligence organisation and it seems to me that the one unit ought to be able to provide both the police needs and those of the Administration generally. As to staffing I have no doubt that A.S.I.O. would favourably consider the secondment of at least one expert who I think ought to be fitted in just below Sheekey.

Another aspect is the present T.I.C. on which there are representatives of other departments. This Committee's future is under consideration here and our thinking at the moment is directed towards a clean slate approach i.e. the establishment of some machinery in which I see a re-organised and re-designated Special Branch providing a leading if not the leading part designed to serve the Administration's, the Department's and the Minister's needs. This same apparatus might also provide information for other departments e.g. the Defence complex who have been requested to set down and justify their intelligence needs for the purposes of a thorough going review.³ Apart from this review the Secretary mentioned in his letter of 7th August last⁴ (and subsequently in his telex of 14th August)⁵

2 Barbour had in August conducted a second review of Special Branch (for the original review, see Document 186). In late September, he told DOET that the Branch had three problems: 'there is no intelligence sense at the field level; (ii) more staff is required at the Headquarters end to assist in sifting analysis and collation; and (iii) the location of Headquarters Special Branch needs to be fixed'. Besley expanded: 'As far as (i) is concerned there does not seem to be any training at the district level ... Barbour's own experience is that in discussions at the field level he has found that a good deal of information does in fact exist which is just not getting through. This needs pushing ... On the staff side at Headquarters Sheekey is very greatly handicapped because he does not have enough people to do the necessary analysis. This needs attending to straight away and in fact is the one outstanding issue from the original Barbour Report ... There is a good deal of concern felt in the Territory amongst members of the Branch since they do not feel they have any fixed location. There is also some minor pulling or division of opinion between the Constabulary, the District Administration people and the Administrator's {former} Department ... It now seems to be in the Administrator's mind to set up another cell in his own Department in the internal security area. This would be done under Hayes and there is reason to suspect that Hayes is pushing a barrow fairly hard' (note for file by Besley, 30 September 1969, NAA: A452, 1968/3943).

3 Following the meeting of the Defence Committee on 2 September (see Document 311), its chairman, Sir Henry Bland, asked the newly-established Joint Intelligence Organisation (JIO) to 'look into the Territory's long term [intelligence] needs'—a request which 'arose from the Defence Committee meeting ... at which most of its members felt that there was not enough hard intelligence available to them to make the kind of decision they were being asked to make' (note for file by Besley, 11 September 1969, NAA: A1970/4671). JIO Head R.W. Furlonger thereafter met with Warwick Smith and an informal committee was established (*loc. cit.*). Several meetings were held before year's end, during which there emerged 'two quite different lines of approach, namely [the DOET] line which {is} direct{ed} towards a disbandment of the TIC; and ... the line taken by the Defence people which is directed towards repair of the TIC' (minute, Besley to Ballard, 13 November 1969, *ibid.*). Territories argued that 'the situation had changed so much since the T.I.C. was established notably in relation to relationships with the Indonesians that it was better to start from a clean slate' while 'others felt that it had taken so long to get any kind of intelligence machinery established that it was better to repair the existing machinery than to go through the agonies of setting it up anew' (note for file by Besley, 16 October 1969, *ibid.*) The Deputy Chief of the General Staff, Major-General S.C. Graham, also challenged DOET's view of the origins of the TIC, suggesting it was formed 'for the express purpose of [enabling] Australia to be fully informed of Territory developments ... right up to the point of self-determination'—and there was disagreement that an intelligence machine exclusively run by the Administration would be able to determine what material was relevant to Defence needs (draft notes of discussion by Besley, 25 September 1969, *ibid.*).

4 Document 306.

5 Not printed.

the need to take a look at the activities of the T.I.C. He put the view that it would be more appropriate to introduce other arrangements.

There could be disadvantages in building up a number of small cells, none of them really equipped to do the complete job, with the necessity then of providing a sort of overall co-ordinating machine. If Special Branch is given some teeth and, apart from our own requirements it is necessary to have in mind that this unit now provides the Director-General of A.S.I.O. with information necessary to fulfil his statutory obligations, it could be the backbone of the Territory intelligence apparatus.⁶ As I see it the Branch will need to include a number of civilian staff at various levels to give the best prospect of maintaining relevance, perspective and freedom from a police or security orientation in the intelligence product.

If the Special Branch is to have the sort of broader role outlined above it would seem appropriate that it should be redesignated—perhaps as the Intelligence Branch. It was previously suggested by Mr Barbour that the head of the Branch might be designated ‘Director of Security and Intelligence’. This is the term used by the Royal Canadian Mounted Police. Our thinking here is that the word ‘intelligence’ covers the functions adequately, is simpler and does not have quite the stigma that perhaps the word ‘security’ would add.

I am sending a copy of this letter to the Chairman of the Board since the Secretary has asked me to let Mr Unkles know that you will be forwarding proposals which he would like the Board and the Department to process fairly speedily.

[NAA: A452, 1968/3943]

6 In his conversation with DOET, Barbour had also commented on ASIO’s role in the Territory, saying that the Director-General had a statutory role in Australia and its territories, but that Spry had ‘some time ago voluntarily proposed the principle of establishing Special Branch and withdrawing effectively from the Territory. This had a two fold purpose—(i) firstly, to set up a machine which would have a reasonable chance of leaving the Territory after self-determination with some kind of machinery which would fill the role formerly undertaken by ASIO; and (ii) secondly, in the intervening period to provide the kind of information the Director-General needs to carry out his statutory responsibility. As far as the second is concerned ... that need is not being filled. The new man on the spot, Boyle, is doing a better job than his predecessor and to an extent the gap has been closed but the real issue is to strengthen the Special Branch so that it can firstly, perform the second function mentioned above and secondly, fill the long term need of the Territory ... As far as the T.I.C. is concerned ASIO has no particular role to fill nor indeed any desire to participate. It is apparently an historical accident that they are members of it’ (note for file by Besely, 30 September 1969, NAA: A452, 1968/3943). Sheekey, for his part, had enthusiastically advocated a stronger role for Special Branch: ‘There is no doubt whatsoever that Special Branch can supply the intelligence requirements of the Department of External Territories and the Administration. At present we supply eighty percent (80%) of all intelligence that goes into the T.I.C. monthly summary. In effect the only intelligence we do not now supply is that which comes from Districts where Special Branch is not presently represented, e.g. Bougainville. Special Branch should become the central co-ordinating point for *all* intelligence in the T.P.N.G. ... I think I am correct in saying that we are agreed that Special Branch should become a wholly civilian organisation with a new name ... The most immediate problems are the acquisition of suitable staff and the creation of a proper career structure for the new organisation, i.e. an establishment ... We must not lose sight of the long-term aim of training an indigenous security intelligence organisation’ (letter, Sheekey to Besely, 21 October 1969, *ibid.*).

328 SAVINGRAM, DEA TO ALL POSTS

Canberra, 4 November 1969

AP21. UNCLASSIFIED

Status of external aid and assistance to Papua and New Guinea

External Assistance to Papua/New Guinea continues to be provided in the main by the Commonwealth Government. Since 1966, the Territory has attracted an increasing flow of aid from UNDP, WHO, and most recently, loans from IBRD and IDA. Assistance provided from external sources other than Australian remains small, however, in comparison with the scale of the Australian contribution.

2. The following summary account of the present status of external aid and assistance may be of use to posts as background for discussions relating to the Territory.

Australian direct assistance

3. The Commonwealth Grant to the Administration is estimated at \$96 millions for 1969/70 which represents an increase of 10.4% over the estimate for 1968/69. The latest Grant accounts for 55.9% of estimated net receipts in the 1969/70 Territory Budget (58.2% in 1968/69).

4. In addition, Commonwealth Departments are expected to spend a further \$22.6 millions in the Territory in 1969/70.

ESTIMATED EXPENDITURE BY COMMONWEALTH DEPARTMENTS/INSTRUMENTALITIES
FOR 1969/70

	\$millions
Defence Services	10.9
Civil Aviation	6.0
Interior (Meteorology)	0.5
National Development	1.0
P.M.G.'s (Sound Broadcasting)	.1
Prime Minister's (Audit Office)	.1
Shipping	.6
Treasury	.1
External Territories	.9
Works	1.3
ABC	0.9
CSIRO	0.2
Total	22.6

Of this total, Departmental expenditure which can be classified as expenditure of an economic development type under broadly the same definitions as those of D.A.C.¹ is estimated at \$12.3 millions. (\$13.3 millions in 1968/69.) The difference between

¹ Direct Assistance Committee, Organisation for Economic Co-operation and Development. Australia was a member of DAC.

Departmental expenditure and its 'economic development expenditure' component is made up by deduction of the major proportion of defence expenditure and by off-setting corresponding revenue derived from the Territory by Departments.

5. After Commonwealth Departmental expenditure is included, Australia will provide an estimated 59.3% of total public expenditure in the Territory in 1969/70 (64.3% in 1968/69). This proportion is expected to fall as the Territory's own revenues and loan receipts rise. Natural growth and the effects of the construction phase of the Bougainville copper project are expected to contribute an increase in revenue of approximately 11.8% in 1969/70.

6. In endorsing the objectives and targets of the economic Development programme for the five years 1968/69 to 1972/73, the Commonwealth Government recognised that the programme would require increased Commonwealth financial contributions. The Government has stated that it is prepared to provide increased contributions to assist in achieving the objectives of the programme on the understanding that the House of Assembly progressively increases the Territory's self-reliance by raising the level of Territory revenue and loan receipts as much as practicable. The actual contribution in any one year will of course be subject to the Commonwealth's own budgetary situation and to any special circumstances arising in the Territory that may reduce the need for the Commonwealth grant.

7. The Trusteeship Council in its 1969 Report which was completed before the announcement of the 1969/70 Grant, welcomed 'the continued increases by the Administering Authority in its budgetary grant', and said that the Council was 'encouraged by the decreased percentage of the Australian grant in relation to the total territorial budget, which reflects the progress toward economic self-reliance'.

Australian Private Investment and other Assistance

8 Australian private investment in Papua/New Guinea is estimated to have been \$19 millions in 1967/68 and accounted for 70% of the total outflow of Australian private investment. Australian Private investment in the Territory in 1967/68 increased by 72% over the figure for 1965/66.

9. At present, 80 volunteers are working in Papua/New Guinea under the Australian Volunteers Abroad scheme which supports a total of 135 volunteers. Volunteers are working in schools, hospitals, clinics, with local government councils, a co-operative society and other local organisations in the Territory. Direct Australian Government assistance finances approximately two-thirds of the total operating costs of the AVA scheme.

10 During 1968, 150 indigenous students and trainees studied in Australia under awards provided by the Australian Government.

11. A further significant volume of aid to the Territory is channelled through religious organisations. In 1967/68, a total of \$5,724,000 in gifts and subscriptions from abroad was received by religious missions which \$1,756,000 was provided from Australia. Missions also received assistance from the Territory Administration (\$3,905,000) and from other local sources (\$1,078,000). The total funds available to missions in 1967/68 amounted to \$12,763,000.

Aid from UNDP and the Specialised Agencies

UNDP

12. Two major UNDP Special Fund projects are at present in operation involving:—
 (a) assistance in the establishment of a secondary school teachers' college at Goroka (UNDP contribution—\$US1,196,000), and

(b) a transport survey by consultants to IBRD, (UNDP contribution \$US489,000). Special fund requests are under consideration by UNDP for a vocational and industrial training project (provisional UNDP contribution—\$US917,000) and for assistance in the establishment of a co-operative college at Laloki, (provisional UNDP contribution \$US210,000). Papua/New Guinea has also been allotted a UNDP Technical Assistance Target of \$US210,000. Four TA projects are in operation (UNDP contribution \$US312,000) and two projects are in operation (UNDP contribution \$US153,000). A further three projects have been approved but are not yet in operation and requests for two projects are under consideration by UNDP.

UNICEF

13. A project is underway to further develop primary science education for which UNESCO² is acting as executing Agency. The UNICEF contribution is estimated to be \$US275,000.

WHO

14. WHO has provided fellowships for overseas training and study by Territory health personnel and visiting consultants and advisors in various aspects of health. Requests for assistance involving estimated WHO expenditure of \$US60,000 (1969) and \$US90,000 (1970) have been approved.

15. Further requests for 1971 involving estimated WHO expenditure of \$US150,000 are under consideration by WHO. Other WHO assistance which is not reflected in the budget figures is provided in the form of visits by consultants and advisers attached to the WHO Regional Office in Manila and participation by the Territory in regional projects.

IBRD/IDA ASSISTANCE

16. Since the first IBRD loan of \$US7 million to the Territory in June, 1968, for a telecommunications project, the World Bank group has had a number of other projects under consideration for finance. Earlier this year an agreement was signed between IDA and the Territory Administration for a credit of \$US1.5 million to assist in financing a small-holder palm oil project on New Britain. Bank appraisal missions recently visited the Territory in connection with the Upper Ramu hydro-electric scheme and further agricultural projects and assistance from the World Bank group is in prospect in both instances.

17. An IBRD economic mission visited Papua/New Guinea earlier this year to gather information on the Territory's current economic position and prospects.³ Similar missions visited Papua/New Guinea in 1963 and 1967.

2 United Nations Educational, Scientific and Cultural Organization.

3 For a detailed explanation of the mission's terms of reference, see letter, R.J. Goodman (Director, East Asia and Pacific Department, IBRD) to Randall, 22 January 1969, NAA: A1838, 936/28/1/5). Inter alia, the mission's report noted that while important economic development had occurred since the visit of the 1967 mission (see Document 99 and editorial note 'The World Bank mission report, 1967'), PNG was 'so undeveloped and confronted with various formidable problems it cannot be expected that these advances will bring any easy and quick solutions toward self-sustained growth. The Territory is still heavily dependent on external, mainly Australian, capital and know-how and Australian Government assistance, and this is likely to continue for a long time to come ... The Territory still includes a large non-monetized sector whose share in the economy is declining but from which a large majority of the indigenes still derive nearly all their necessities of life ... The [economic development] program ... covers only the monetized sector, for which a fairly high growth rate is planned. This will, of course, bring more indigenes into the market economy and raise their income, but no detailed assessment of such impact has been made' (IBRD report, 'Current economic position and prospects of the Territory of Papua and New Guinea', vol. 1, 21 July 1969, NAA: AA1979/97, box 10).

18. The suitability of certain road projects for IBRD/IDA financing will be investigated by a further Bank mission which is tentatively scheduled to visit the Territory in November.

[NAA: A1838, 936/20 part 6]

329 MEMORANDUM, DOET (WARWICK SMITH) TO ADMINISTRATION

Canberra, 5 November 1969

Possible social problems connected with Bougainville mining project

In his discussions with the Minister for External Territories on 21st August, 1969,¹ Mr. Lapun stated that the Bougainville people were afraid of the social upheaval which the building of Arawa town might cause. He suggested that great care be taken to protect the social structure of the people. The Minister assured Mr. Lapun that every effort would be made to preserve the culture and the social structure of these people.

2. We are conscious that the commencement of work on the Bougainville copper project will mean the influx into Bougainville of large numbers of expatriate workers, very largely young single men. It seems that there will be between 500 and 600 of them on the project by November this year. We would think it advisable that consideration be given now, if it has not already been done so, to measures which can be taken to obviate any social disturbance that might arise from the contact of these workers with the local people.²

3. The social and personal problems that might result are not ones that can be readily legislated about. Quite apart from any criticism that the Government was acting in a paternalistic fashion we see ourselves that any legal restrictions would be likely to be impracticable.

4. Our own thinking nevertheless is that some restrictions would be desirable to avoid casual liaisons with local women and unsavoury influences on local customs generally. As a practical approach to the problem we suggest that representatives of the Administration, the mining company and the local people get together, talk over likely problems and draw up a working set of rules that will ensure that company employees regard the villages as off-limits. Such rules would be more effective if the villages close to Arawa town were resettled some distance away and this possibility could be discussed with the people.

5. It is further suggested that early steps be taken to post to the area a community development worker who might be able to help the local people to understand something of the nature of a mining camp and how they can adjust to it to their best advantage while avoiding any undue social unrest. The community development worker would also act as

¹ See editorial note 'Bougainville: reaction to Rorovana'.

² In mid-October, Hay had written to Newman, drawing attention to a case in Australia where he believed Comalco had failed at Weipa to live up to promises on social policies relating to Aboriginal residents and employees. He stressed: 'We need to make sure that Bougainville Copper is not going to do the same thing. I should be glad if somebody could check the Agreement to see what written obligations there are. If there are none, then we should, in my opinion, consider writing formally to the Company and putting it to them that they should voluntarily undertake to follow certain policies which we would define. In this connection I have already asked Mr. Fenbury to establish a committee to enquire into the social effects of the establishment of a town on the people who live near Arawa. The Committee has had only one meeting and has refrained from further activity until the situation in relation to land seemed like being resolved. I am inclined to think this Committee should very shortly be put back to work, with perhaps a representative of Napidakoe added to it. The Company agreed to take part in the Committee' (minute 15 October 1969, NAA: M1866, 4).

an adviser to and point of contact for the local people in any problems that might arise in their dealings with the mining community.

6. I would be glad to receive your early views and proposals for action on this matter.³

[NAA: A452, 1969/4921]

3 Hay agreed that legislation did not provide a solution and that an 'over-paternalistic' attitude would be 'recognised and rejected'. He noted that a Bougainville social committee had already been established and added that Fenbury had been asked what action his department could take. This department was, he wrote, 'severely restricted' in the current financial period but an application had been made for an expanded field staff. Further, the appointment of a District Commissioner to negotiate on the mine's development as it affected the Administration and Bougainvilleans 'might lead to some agreement on relationships which should exist between C.R.A. staff and the local people'. 'However', Hay wrote, 'I doubt if there is any effective way of ensuring that liaisons or other undesirable practices will not occur. There will certainly be full discussions on these and associated problems but the outcome of them will depend largely on the controls which the Company itself is prepared to exercise over its own staff' (memorandum, Administration (Hay) to DOET, 5 December 1969, NAA: A452, 1969/4921).

330 TELEX, HAY TO DOET

Port Moresby, 10 November 1969

9992.

Your 10522—Select Committee on Constitution.¹ Have received papers on name, anthem, etc. Impression of Assistant Administrator (Services) after discussions Canberra² was that Government position was a little more positive than indicated in the papers. I think there is considerable advantage in Government being forthcoming on these matters which after all are not going to materially affect other constitutional developments. Concerning Cabinet submission consider it desirable for Administration participation so that currents of thought in Papua New Guinea can be appropriately taken note of. I think too that there is advantage in encouraging some early recommendations from the Committee, particularly as regards increased responsibility of Ministerial Members. I do believe that we may be under strong pressure and subject to severe criticism if there is not some movement in this area before too long. It would be better to be seen to have the initiative rather than be obliged to move.³

[NAA: A452, 1969/3605]

1 5 November. It mentioned papers previously sent to the Administration on the subject of a name, anthem and flag for the Territory, commending them as 'remain[ing] generally valid' and 'relevant'. (The papers have not been found.) The telex also asked for copies of papers being prepared by Morrison so that the Department could advise official members, and it communicated plans to prepare a Cabinet submission as a preliminary to the Committee's proposed meetings with Ministers in 1970. Territories promised a 'full brief' for official members after the submission had been considered (telex 10522, DOET to Port Moresby, 5 November 1969, NAA: A452, 1969/3605).

2 See Document 304.

3 On 13 November, the Department replied: 'Papers sent on flag, name and anthem were intended as general background papers only. Position on name is that if a new name is recommended by the Committee and endorsed by the House of Assembly then, as long as the implications of a common name are made clear and it is clear that the proposed new name had the support of the majority of the people the Government would agree to a change of name for purposes of the Act, i.e. without changing the status of the two existing territories ... As far as flag is concerned ... an amendment to the Flags Act would be necessary ... but this could probably be obtained ... As far as the anthem is concerned there are no constitutional reasons precluding the adoption of a national anthem ... Regarding Cabinet submission ... As always your views will be fully taken into account ... but early submission is unlikely ... Concerning increased responsibility for Ministerial Members, following discussions with Administrator it is proposed that a statement be made in the House of Assembly on increased delegations for Ministerial Members' (telex 10741, NAA: A452, 1969/3605). For the latter, see editorial note 'Administrative delegations and the role of Assistant Administrators: continued debate'.

331 SUBMISSION, BALLARD TO BARNES

Canberra, undated

T.P.N.G. West Irian border liaison

The third border liaison meeting between an Administration team led by Mr. R. Webb and the Indonesians was held at Djajapura on 20th October 1969.¹

2. Agreement in principle was reached on points discussed, the main points being:
 - the Indonesians provided special roneoed letters offering amnesty on return to West Irian of all dissidents and tribal border crossers, signed by Vice Governor Sarwono and invitation to return signed by Military Commander General Sarwo Edhie for distribution in T.P.N.G.²
 - the West Irian Government agreed to establish a police post at Bupul from where liaison will be maintained at Lake Murray, and also will give serious consideration to a liaison meeting at local level in the Western district ...
 - in respect of the influenza outbreak,³ Mr. Webb offered the services of a doctor with experience with the influenza epidemic, which the Indonesians accepted if and when required.
 - the West Irian authorities thanked the Australian Government for the use of Australian airspace over T.P.N.G. for its planes in bad weather and will ensure that such aircraft will call D.C.A. at either Port Moresby or Wewak when using this airspace.
 - in order to contact West Irianese living in T.P.N.G. and inform them of the amnesty and to facilitate border crossings the West Irian authorities requested permission to allow two teams to move into the Sepik and Western districts.
3. Department of External Affairs has no objections to the visits by Indonesian officials, it being understood that the visitors would be required to put their case to the refugees moderately and without threats, or to the Administration recommending to West Irianese who might not otherwise know of it, consideration of the Indonesian offer. External Affairs do not propose to put this to the Minister for External Affairs at this transitional stage.

1 For background, see footnote 2, Document 297.

2 Indonesian news agency Antara reported that in Jayapura on 16 September Soeharto had formally pardoned all West Irianese involved in rebellions against the Indonesian administration during the previous three years. He also asked Papuans abroad to end anti-Indonesian activities which he said were futile and contrary to the decision of the people (*Australian*, 18 September 1969, NLA: mfim NX 48). Suharto's declaration built on one of February 1969 in which the Republic had offered the safe return of Irianese exiles wishing to take part in the Act of Free Choice (see submission, Rowland to Freeth, undated, NAA: A1838, 3036/14/1/6 part 12). Fourteen Irianese families on Manus originally indicated a willingness to return (minute, Besley to Warwick Smith, 11 April 1969, NAA: A452, 1969/1766) but all except two changed their minds. The family of one, Nicholas Nere, was refused entry by the Indonesians (telex 4014, DOET to Administration, 21 April 1969, *ibid.*) because of a re-entry application that DEA labelled 'rather provocative' (cablegram 1133, DEA to Djakarta, 18 April 1969, NAA: A6364, JA1969/04).

3 Presumably a reference to effects in Irian of an influenza outbreak which in September had reached epidemic proportions in the PNG Highlands (for an account of the situation in PNG, see statement by Lokoloko, *House of Assembly debates*, 13 November 1969, NLA: Nq. 328.952 PAP, p. 1960).

4. It is recommended that the teams be allowed to visit Papua and New Guinea to contact West Irianese living in camps in the vicinity of the Border, the Administration to be asked to ensure arrangements that avoid any appearance of coercion.⁴

[NAA: A452, 1969/3881]

332 FIRST INTERIM REPORT OF SELECT COMMITTEE ON CONSTITUTIONAL DEVELOPMENT¹

Port Moresby, 13 November 1969

[*matter omitted*]

Chapter II—matters being examined by Committee

4. At its proposed meeting in December 1969, your Committee will consider submissions and invite persons to address the Committee in relation to the present system of ministerial members and assistant ministerial members and the functioning of the Administrator's Executive Council as at present constituted. The Committee hopes to make to the House recommendations concerning these matters at the sittings in February 1970.

4 A note of 12 November by Ballard indicates that Barnes approved the recommendation. On 3 December, an Indonesian delegation arrived in PNG: 'The Yako refugees proved suspicious about the amnesty and only one man announced that he would accept the offer. Several others, however, are said to be considering it, and according to the press there was "no apparent animosity" between the refugees and the officials. The team flew to Manus on 7 December where they received an equally suspicious reception. As yet none of the refugees on Manus have accepted the amnesty' (cablegram 4021, DEA to Djakarta, 10 December 1969, NAA: A1838, 3034/10/1/4 part 10). On 27 December, 70 refugees were flown from Vanimo to Djajapura where, according to an Administration official, they were met by Sarwo Edhie and accorded an 'excellent reception' (cablegram 6, DEA to Djakarta, 2 January 1970, NAA: A452, 1969/4837). Among the returnees were 12 from Morehead camp in the south. The situation in the south had been complicated by the arrival in early 1969 of 'several hundred West Irianese ... who have crossed over solely through a dread of oppression generated through rumours of maltreatment of others elsewhere'. The Australians identified them as 'ordinary villagers with little or no political consciousness' and believed 'the best course is for them to return quietly to their villages'. However, there was concern that 'Because of their large numbers ... the Indonesians may mistake their character or intentions if they saw them return unexpectedly and en masse'. Thus Jockel was asked to undertake the 'somewhat delicate task' of 'putting it to the Indonesians that the quiet and permanent return of these people to their villages will depend on the reception and subsequent treatment they receive' (cablegram 2764, DEA to Djakarta, 1 September 1969, NAA: A1838, 936/5 part 7). Soepardjo promised Jockel that a message would be sent to Djajapura 'instructing local authorities to ensure that arrangements for reception and treatment, etc. would be the best that could be devised' (cablegram 2303, 2 September 1969, NAA: A452, 1969/3330). The majority of these 'tribal people' appear to have returned by the end of 1969 (see cablegram 4046, DEA to Djakarta, 11 December 1969, cablegram to the Hague (1032), Djakarta (4061) and Geneva (2603), 12 December 1969, and cablegram 1045, DEA to the Hague, 17 December 1969, NAA: A1838, 3036/14/1/6 part 18).

1 The report was presented to the House on 17 November after two further Committee meetings of that month. The Administration remarked that at the first of these meetings 'Members expressed some concern that [the] Committee was making little apparent progress and decided that its December meeting should be for one week in which constitutional issues would be studied in depth' (telex 1, Hay to Canberra, NAA: A452, 1969/3605). Johnson informed the Department that apart from the matters outlined in the interim report, the Committee would in December range over '(1) Parliamentary organisation, unitary, federal, bicameral, unicameral and position of Judiciary (2) Relationship of executive to legislature and organisation of executive (3) Possible developments within limits of present Act (4) Party systems and their relation to executive (5) Official Members (6) A.E.C. and Ministerial System (7) Regional electorates, educational qualifications'. Arrangements were made for Johnson and Littler to make a second visit to Canberra prior to the Committee's meeting (minute, Kerr to Warwick Smith, 21 November 1969, *ibid.*).

5. At its proposed meeting in January 1970, your Committee intends to consider submissions and to hear evidence from witnesses in relation to a wide range of matters included in the provisional programme.

Chapter III—name, flag and national symbol

[matter omitted]

6. ... Your Committee has considered the reports of the sub-committees.

7. Subject to the overall control of your Committee, these sub-committees will conduct campaigns—

- (a) to determine whether the people wish the country's name—the Territory of Papua and New Guinea—to be changed and, if so, what suitable name is the most popular;
- (b) to select the best design for a suitable flag for the country; and
- (c) to select a suitable song to be the national song for the country.

8. In carrying out these campaigns, your Committee and the sub-committees will make it clear to the people that choosing a new name, a flag and a national song are separate matters from the question of independence or self-government for the country.

Chapter IV—visits by Committee

9. Early in 1970, your Committee proposes to interview the Minister for External Territories in Canberra. It is hoped that this visit will take place early in February 1970. The purpose of the visit will be to discuss with the Minister the work of the Committee and a number of particular topics upon which your Committee would wish to ascertain the views and policies of the Commonwealth.

10. Later on (probably commencing in mid-March 1970), your Committee proposes to undertake a visit throughout the Territory to ascertain the views of the people on various aspects of its work.

11. The Chairman of your Committee (Mr. Paulus Arek) has written to all Local Government Councils and District Headquarters, concerning this proposed visit of your Committee. The Councils and District Headquarters have been invited to make suggestions as to places at which parties of members of the Committee could meet representatives of the councils from the surrounding areas. The Committee is considering the replies that have been received.²

[NAA: A452, 1969/3605]

² In mid-October, Hay wrote to Territories on the status of the political education program in PNG, outlining various activities and suggesting that it was 'now appropriate for a booklet to be written on systems of government other than the Westminster system' (memorandum, Administration (Hay) to DOET, 18 October 1969, NAA: A452, 1969/2898). Ballard was averse to the idea, proposing a bibliography instead (minute, Ballard to Douglas, 7 January 1970, *ibid.*). For a summary of the Administration's political education program in 1969, see press release of 20 November 1969, *ibid.*

Gazelle Peninsula: Government responses to the Connolly commission, the Mataungan court case and the land issue

The Connolly commission of inquiry began its work in late September.¹ Early reports indicated that hearings were 'quiet and orderly',² but it was not until Connolly visited Canberra on 10 October that Territories was given a clear indication of his thinking. He told Warwick Smith and Ballard that land problems were 'very real—[there was] a lot of basic resentment'.³ He indicated that 'some viable gesture of resumption is needed' though people would 'have to learn to be urban dwellers'. On the local government issue, he outlined two possibilities—reversion to a native council or a compromise whereby the number of council wards would be increased and there would be fresh elections. Reviewing the conversation, Kerr wrote, 'it seems that the Commission will come down in favour of the Administration; its recommendation will possibly be the compromise solution ... and apart from observations on land matters it is unlikely that it will comment in depth on any other issues'. As to the Mataungans, Connolly said they had 'established a considerable degree of discipline' over their own witnesses as 'they all use the same simple story—[the] multi racial council [was] not explained [and] even one European will dominate [the] council'.⁴ Nevertheless, he expressed confidence that generally the Association was 'losing its sting'.

The concluding phases of the commission's work were troubled. A major disagreement developed between Connolly and Epstein. On 13 October, Connolly contacted Hay and asked him whether he 'could do anything to get her out of Rabaul quickly ... [he] thought the Department might send a telegram asking her to return immediately'.⁵ Connolly's ostensible reason was that, while being aware that she had "'involved herself" very considerably in the Tolai attitude',⁶ he was now 'quite alarmed' to hear that she had attended a large Mataungan meeting, 'largely organised for her benefit' and at which Administration representatives were 'forcibly excluded'.⁷ He was also worried about information that she wanted to have a 'dissenting opinion' published in the report and about a comment by Emanuel that she was 'stirring'.

Epstein left the inquiry a day early after a request from Hay that they meet in Port Moresby.⁸ Hay made clear to Territories that he would reject any question of a minority report, saying that she was recruited as a consultant to the commission but 'not employed by the Administration to give views to us'.⁹ For her part, Epstein said Connolly had 'shown distrust by cautioning her not to disclose to Mataungan leaders what had been discussed privately in the commission' and had 'made an untrue statement about her

1 For context, see editorial note 'Gazelle Peninsula: aftermath of the September incident'.

2 Submission, Ballard to Barnes, 10 October 1969, NAA: A452, 1969/4331.

3 Minute, Kerr to Warwick Smith, 14 October 1969, *ibid*.

4 On the second point, Kerr wrote: 'Some truth in this. Some European members of Gazelle council {apparently} very much in command'.

5 Letter, Hay to Warwick Smith, 14 October 1969, NAA: A452, 1969/4167.

6 *loc. cit*.

7 Letter, Connolly to Hay, 20 October 1969, *ibid*.

8 Letter, Hay to Warwick Smith, 14 October 1969, *ibid*.

9 He also said he would rebuff Epstein's request for a copy of the transcript of public evidence (minute, Ballard to Warwick Smith, 15 October 1969, NAA: A452, 1969/4331).

publicly'.¹⁰ Epstein had also commented earlier that Connolly was 'not with it' and was 'clearly ignorant of [the] ways of extracting evidence from Tolais'.¹¹ In a letter to Warwick Smith, Hay summed up the incident:

She has clearly come out on the Mataungan side. Her public statement to this effect today which the A.B.C. reported seems a bit like a pay back to Connolly, and also to myself for, in her view, restricting her role as a consultant. Clearly she has been troublesome, but we have to face the fact that amongst the younger group the Mataungans probably have a good deal of support and our use of Dr. Epstein can be justified (if necessary) as ensuring that the Mataungan view would be put before the Commission.

On the substance of the Tolai problem, Epstein suggested that a new election be set for 12 months time—an idea similar to Tolai calls during the commission for a referendum¹²—and that a Tolai commission consisting of MRC and Mataungan members be formed to determine the type of local government for the Gazelle.¹³ She later told Warwick Smith that 'it was quite wrong to believe that [the Mataungan Association] represented a revolt of the youth against the traditional leaders' and that, while there was 'some correlation between land shortage and areas of Mataungan ... strength', the Association was 'principally concerned with self-government'.¹⁴ 'The Mataungan Association', she warned, 'had ingredients of Mau Mau':

The Tolai have a history of secret societies which were stamped out by the Germans. These could revive in conjunction with the present programme of mass meetings ...

The report of the Commission was tabled in the House on 11 November.¹⁵ As Connolly confided to Warwick Smith, 'no really new considerations emerged'.¹⁶ The report argued that the proposal for a change to the council had been clearly publicised, contrary to Mataungan claims, and that Tammur had obscured the changes by reference to land alienation and European domination.¹⁷ The report maintained that the current form of local government in the Gazelle was the most appropriate and it recommended that the referendum desired by the Mataungans should not be held but that the new council should be given a 'fair trial'. The Administration was advised to take further measures on the land problem such as compulsory acquisition of European land and resettlement beyond the bounds of the Peninsula.

Hay was disappointed with Connolly's report because 'It came 100 per cent down behind the Administration'; he had hoped for a change of course that 'would get us out of this painted-in position' while maintaining a strong stand on the rule of law.¹⁸ In fact, he now

10 Letter, Hay to Warwick Smith, 18 October 1969, NAA: A452, 1969/4167.

11 Telex 8948, Hay to Warwick Smith, 16 October 1969, NAA: A452, 1969/4331.

12 See minute, Kerr to Warwick Smith, 14 October 1969, *ibid.*, and attachment to memorandum, DOET (Warwick Smith) to Prime Minister's Department, 18 November 1969, *ibid.* As early as September, Tammur had called for a referendum. He had suggested a 'physical' count of voters as the 'ballot papers could be rigged' (telex DP183, unidentified officer (Secretary, CISC—in this context apparently Current Intelligence Sub-Committee) to Hayes, 11 September 1969, NAA: A452, 1969/4001).

13 Attachment to letter, Hay to Warwick Smith, 18 October 1969, NAA: A452, 1969/4167.

14 Memorandum, DOET (Warwick Smith) to Administration, 24 October 1969, *ibid.*

15 For a copy of the report, see NAA: A1838, 936/4/16 part 2.

16 Letter, Connolly to Warwick Smith, 5 November 1969, NAA: A452, 1969/4167.

17 Attachment to memorandum, DOET (Warwick Smith) to Prime Minister's Department, 18 November 1969, NAA: A452, 1969/4331.

18 Hay interview, 1973–4, NLA: TRC 121/65, 5:1/38–42.

thought the Administration was forced 'more firmly into a fixed position',¹⁹ as was evident when he forwarded to Canberra a draft plan of action by Ellis. Ellis declared that 'Any solution to the problem of the Gazelle Peninsula should be one which will not encourage dissident minorities elsewhere ... Firm action by the Administration would ... have the general support of most of the Territory ... All evidence indicates that the Mataungan Association has respect for firm action taken by the Central Government'.²⁰ He therefore put that 'there be no retreat by the Administration from support for the existing Gazelle Peninsula Council ... while keeping in mind the possible option of negotiating an agreement based on increased Tolai membership in the present Council'. Weighing 'the three alternative basic positions'—the Administration approach, the Epstein proposals, and an 'interim Commission of three'—Territories wrote on 10 November that its favoured course was:

(a) A request by Council and M.A. for appointment of three Commissioners

(b) Parallel investigation into scope and powers of Gazelle Local Government—more powers but short of regional self-government; Council takes over many of the functions of D.D.A. ...

(c) M.A. is to make its contribution by handing back tax funds to individuals; vigorous tax collection action to follow above steps, with legislation ... at current meeting of House of Assembly to ensure non-Council groups pay equivalent tax to Administration.²¹

The result of the trial was equally uncomfortable for the Government. The prosecution had added to charges of stealing and unlawful possession of the council keys by alleging that the Matuungan leaders had obstructed the council's operation. Yet it soon became clear that the stealing charge against Kereku would probably fail—and there were fears that an error in the proclamation of the MRC, which had induced a re-proclamation, might mean that the 'prosecution could fail altogether and this become a major victory for the Mataungan Association'.²² Territories suggested that it would be best to pursue the obstruction charge but 'withdraw the other charges as gracefully as possible so that the prosecution does not appear vindictive'.²³ At the same time, it rejected a proposal by Hay to state that the Commonwealth would through legislation counter a claim by the defence that the Local Government Ordinance was *ultra vires* the PNG Act.²⁴

The Crown subsequently indicated that it would consent to an acquittal on the stealing and possession charges, but the magistrate, P.J. Quinlivan, reserved his judgment.²⁵ He also rejected the *ultra vires* argument that the defendants had no charge to answer. On 11 October, he dismissed the stealing and unlawful possession charges, acquittals which, to the chagrin of the Administration, 'were the subject of a lengthy judgment' despite the earlier concession of the prosecution.²⁶ However, it was Quinlivan's final judgment that inflamed Government most. He dismissed the obstruction charges on the basis of

¹⁹ *ibid.*, 5:1/47.

²⁰ Paper by Ellis, 5 November 1969, attached to letter, Hay to Warwick Smith, 6 November 1969, NAA: A452, 1969/4912.

²¹ Anonymous DOET paper, 10 November 1969, *ibid.*

²² Telex 9539, DOET to Administration, 1 October 1969, NAA: A452, 1969/4331.

²³ *loc. cit.*

²⁴ Submission, Ballard to Barnes, 1 October 1969, *ibid.*

²⁵ Telex 8506, Clay to Ballard, 7 October 1969, *ibid.*

²⁶ Telex 8846, Hay to DOET, 14 October 1969, *ibid.*

extenuating circumstances, after which he proceeded *inter alia* to criticise Hay's decision to ignore the council's revocation of the MRC concept.²⁷ Hay complained that

*the magistrate fully espoused the approach of the Mataungan Association ... The complete contrast with the commission of enquiry report is very clear. [The] range of facts from which the magistrate has drawn his conclusions appears limited but clearly Nwokolo succeeded in having the issue judged in political terms and a good deal will be made of this by Members of the House and others who wish to criticise the Administration.*²⁸

The PNG Secretary for Law, L.J. Curtis, spoke with Ballard about the matter, telling him that 'the possibility of Quinlivan being transferred is well in mind having regard to the fact that his area also covers Bougainville'.²⁹ The 'difficulty' in the issue was 'to get a more suitable magistrate who will go to Rabaul willingly'.

In the background, officials had also continued to study the land issue. Driven apparently by the conviction that the 'basic problem is land shortage with racial overtones',³⁰ Territories shared with the Administration a desire to further accelerate the redistribution of land. The Department was eager to use the PNG Development Bank to value, buy and sell or lease land because Warwick Smith believed the 'problem must be considered firstly as a commercial operation'.³¹ Hay advocated Government purchase—a view characterised by the Secretary as 'tending to look at it as a political matter [but we c]annot solve [the] political problem by attempting to buy it out'. It was also felt that Hay's strategy would 'be contrary to present policy and cause a dangerous precedent for existing plantations to be purchased as going concerns and handed back to native people'.³² Barnes supported the commercial perspective, but expressed a need for 'quick action ... or there could be political trouble among the people'.³³ In late October, Barnes authorised a plan to encourage the Development Bank to purchase Matanatar and Ravalien Plantations on the Gazelle (1,765 acres),³⁴ in spite of earlier opposition by the PNG Land Development Board³⁵ and an indication by the Bank that it was 'not anxious to get into an exercise where the considerations were predominantly political'.³⁶ The Department contended that an advantage of using the bank was that it was less susceptible to political pressures, a factor thought to have relevance to the Gazelle and possibly to other areas in future.³⁷

27 Telex 9848, Hay to Warwick Smith, 5 November 1969, *ibid.*

28 Telex 9973, Hay to Warwick Smith, 7 November 1969, *ibid.*

29 Minute, Ballard to Warwick Smith, 7 November 1969, *ibid.*

30 Anonymous DOET paper, 1 September 1969, NAA: A452, 1969/2889 (the paper was seemingly prepared for submission to the Defence Committee on 2 September (see Document 311)). The paper also asserted that the 'ultimate solution will have to be an acceptance by landless Tolais of an urban life but they are unlikely to do this while they see European plantations on their traditional land'.

31 Minute, Lattin to Warwick Smith, 15 September 1969, NAA: A452, 1969/4146.

32 Submission, Ballard to Barnes, 23 October 1969, *ibid.*

33 Minute, Ballard to Warwick Smith, 3 October 1969, *ibid.*

34 Submission, Ballard to Barnes, 23 October 1969, *ibid.*

35 Telex 8223, Hay to Warwick Smith, 29 September 1969, *ibid.* Hay had written that the considerations of the Board, consisting of senior Administration officials, 'represents [the] best advice available here from persons with long and wise experience ... the reasons are weighty and I hope that in the interests of early action the Minister will accept them'.

36 Minute, Ballard to Warwick Smith, 3 October 1969, *ibid.* At the time, Barnes had said that he 'would not want to press the Development Bank against its will'.

37 See submission, Ballard to Barnes, 23 October 1969, *ibid.*, and telex, 8675, Besley to Hay, 4 September 1969, *ibid.* In a paper entitled 'Gazelle land—principles', Ballard wrote: '1. Public money is not to be used to buy off old

On 13 November, Barnes announced that 'In harmony with one of the recommendations of the [commission's] Report, additional land was being made available to the Tolai people by purchase of plantations through the Development Bank or otherwise, or by sub-dividing Administration land for resettlement'.³⁸

This announcement, and the findings of the commission, did not impress the Mataungan Association. Prior to the commission, the Association had made clear that it would reject the findings,³⁹ and on 14 November a second major march was held at which the removal of Barnes, Hay and District Commissioner West was demanded.⁴⁰

grievances. 2. We are not compensating Tolais for the circumstances of the original purchase by the Germans or giving land back to the descendants of those from whom it was purchased. 3. This does not mean that land cannot be used to relieve native land shortage but allocation should be directed to relieve that shortage in the way which is economically the most effective and not by releasing the land to its previous owners. 4. The purpose of using the Development Bank is to prevent the public revenue being held to ransom and to provide machinery whereby Tolais are able to buy expatriate owned land (it then means that pressure must be on the landowners to sell, not on the Administrator to find money to meet the landowners' price)' (4 November 1969, *ibid.*).

38 Press statement by Barnes, 13 November 1969, NAA: A452, 1969/4331.

39 Submission, Ballard to Barnes, 1 October 1969, *ibid.*

40 Attachment to memorandum, DOET (Warwick Smith) to Prime Minister's Department, 18 November 1969, *ibid.* The paper estimated that 5,000 people participated in the march. For an Administration assessment of the Association's development since the first march (see Document 271), see record of special meeting of the TIC, 23 October 1969, in *ibid.* The Committee estimated that 'of the total Tolai population of 63,000, a third are supporters of the M.A., a further sixth may be expected to give passive support. A total involvement of almost half the population of the Council area'. Among those identified as coming to prominence since the march was John Kaputin, the manager of the Gazelle Savings and Loan League. Kaputin was said to be 'active behind the scenes and is definitely anti-European. It is believed that he will remain in the background until a cause arises which will unite all the Tolais and not one faction as at present. He will then attempt to lead this'. According to an earlier MIS, a group of Port Moresby Tolais including Kaputin (who, at that time, was an interpreter in the House) had tried to see Hay on 31 May, but in his absence was met by Johnson. It presented a petition opposing the MRC and claiming that the Administration 'was ignoring the younger educated Tolai in favour of the out-dated traditional leadership'. The group met Hay three weeks later, with Kaputin acting as spokesman. His attitude was described as 'bitterly anti-European' and he said the 'younger men want[ed] to take over [the] Tolai leadership ... there would be bloodshed if the elders were retained' (MIS no. 6/69, 4 July 1969, NAA: A1838, 3034/10/1/4 part 8). Hay later remembered the meeting in vivid terms: '[Kaputin] spoke with extreme bitterness against Australia. He was really spitting his words out. It was an unpleasant meeting in many ways, in which they maintained the view that the election had really been a victory for the Mataungans, that the Administration wouldn't let the Tolai people run their own show, that they distrusted the Australians and that they believed that the proclamation should be rescinded ... there was no doubt about it, they were talking in extreme terms. They were saying, "If this doesn't happen our way there's going to be bloodshed"' (Hay interview, 1973-4, NLA: TRC 121/65, 4:2/34)

333 TELEX, HAY TO WARWICK SMITH

Port Moresby, 23 November 1969

614. CONFIDENTIAL IMMEDIATE

Gazelle Peninsula

Following is my appreciation as of today 23 November.

1. The Council though elected by a relatively small percentage of voters (20%) is the lawful council. Although it lacked purpose and drive in mid-year, it has shown increased vigour and determination in the past month. Its executive know their own minds. They have been fortified by the House of Assembly endorsement of the Commission report and the Administration statement of 13th November.¹ They firmly believe they are entitled to full Administration backing and that the Administration will be failing in its duty if it does not exert its authority on the Council's behalf in the Gazelle. Without full Administration backing the Council cannot expect to command respect and authority. The

1 A statement by Johnson responded to the commission's report; a summary of the statement reads as follows: '(a) Difficulties were seen in adopting the recommendation involving compulsory acquisition of land to resettle local native peoples. The Administration was not prepared to introduce further legislative proposals for compulsory acquisition beyond those already proposed. The Administration agrees with the Commission that a long term solution to [the] local land problem lies in resettlement schemes outside the Tolai area. (b) The Administration proposes to invite a representative group of local Gazelle leaders to Port Moresby for discussions to open the way for arrangements acceptable to the Tolai people. (c) The Administration does not have a closed mind to the idea of a referendum by secret ballot after a suitable cooling off period. All sides would need to agree in advance to accept the result. Alternatively, an election might take place in the second half of 1970. (d) An intensive drive to collect Council taxes is about to be conducted which will be accompanied by the issue of summonses. The Administration will uphold the lawful right of an elected Council to collect taxes. (e) Mataungan opposition to the multi-racial Council has not taken advantage of the normal democratic means available for its expression. Rather, the association chose methods which place at issue the observance of the law and the democratic process'. The House adopted a motion by Johnson 'that the House take note of the [report] and endorse the Administration proposals to support the lawful actions of the Council and to offer the opportunity for consultation with all interested groups in the Gazelle Peninsula' (memorandum, DEA (M.W. Hughes (Acting Head, Dependent Territories Section)) to UNNY, 20 November 1969, NAA: A452, 1969/4331. For a verbatim copy of the statement, see NAA: A1838, 936/4/16 part 2). Johnson's statement was made after a policy discussion in Canberra on 10 November between Barnes, Warwick Smith, Hay and Ballard. A proposal floated, but not mentioned in the statement, was that the Council might be replaced with a commission during a cooling-off period—'It was agreed that a Commission could only be put in when [the] Council had the upper hand. A downgrading of MA authority and upgrading of MRC authority. [The] Minister saw the Council's continued operation as part of Australia's policy of political development—it has the support of the U.N. and is a necessary preliminary to self-government. The phrase multi-racial should be abandoned'. At the conclusion of the meeting, Barnes 'reiterated that the Government must be firm in its policy' and there was agreement 'that [the] Council should not be weakened and MA not antagonised and way be left open for mutual negotiations. Taxes must be collected in the interim. Would need to be careful about the use of compulsory acquisition—investment problems. House of Assembly backing is necessary and full implications of the backing must be made known to the House. The MA is a form of secessionist movement. If the House supports tax default summonses then it must support [the] consequences' (minute, Kerr to Ballard, undated, NAA: A452, 1969/4331). Three days later, referring either to Barnes' or Johnson's statement, Warwick Smith spoke to Barnes and 'expressed his concern about the approach in the present statement which too much tended to identify the Administration with the Council. He said that he was concerned that the Administration might find itself in a position that the Council could not be sustained and that it was presented either with the alternative of seeking military assistance which the Government might not be willing to provide, or with having to back down with a resultant loss of face ... The Minister confirmed that he felt that in principle the Administration had to support the duly constituted Council' (note for file by Ballard, 13 November 1969, *ibid.*).

Council wishes to take the initiative through summonses for non-payment of Council tax. In the medium term it is interested and active in land questions and is fully co-operating in Administration land² in the Kerevat area. The executive is (reluctantly) prepared to continue discussions with the M.A., subject to consultation with full Council. They are strongly opposed to a referendum but will entertain a proposal for an earlier election (e.g. in late 1970) provided it is on the basis of the recently proclaimed Council area. They are opposed to current M.A. proposal for two councils.

2. The M.A. has a well organised, determined and in some respects fanatical leadership group with a following that includes many younger elements in the Gazelle, both the semi-educated and some of the well educated. The leadership group works by consensus. Its nominal head is Damien Kereku. Its most influential member at this stage appears to be John Kaputin. The place of Tammur appears secondary, although he is a useful spokesman. Their influence is estimated to cover one third of the population of the Gazelle, with no well defined area, but particular strength in Matupit and along the south coast to the Kokopo sub-district. They mustered 2,900 men to march in Rabaul on 14th November. We must assume this is a minimum which could be put on the streets for demonstration or similar purposes. M.A. claim substantial support amongst Tolais in Moresby. This is probably true for the tertiary students but several senior Tolais in the public service have signified their disapproval. The stated aim of the M.A. has always been the withdrawal of the proclamation establishing the so-called Multi Racial Council. More recently, leaders have been talking of self-government and of taking power to run their own affairs. They say they do not respect the existing law in the Territory because it is imposed by Australia. In discussions in Moresby yesterday the M.A. did not press for the abolition of the Council. It also dropped referendum proposal. Instead it suggested a dual system of local government with the M.A. being recognised as a proper authority in the Gazelle, alongside the Council (on the analogy of different church denominations). This, together with the establishment this week of an M.A. market outside the town, suggests that an early M.A. aim could be to declare themselves a legal authority in the Gazelle, with equal status to the Council. Apart from anything else, this would in their eyes authorise them to use for M.A. purposes the \$27,000 subscriptions paid to the M.A. by many Tolais as tax to be held in trust pending the re-establishment of the old council. Initiatives of this kind must be expected. M.A. activity will probably take this form rather than actual physical clashes with the Council. They say, however, that they will resist force with force. This presumably means forceful resistance to any interference with their activities (marches, market etc), to any arrests or to jailing after sentence in the courts. In assessing their capacity for forceful resistance we must assume that they will be disposed to use native weapons and normal riot weapons such as bottles and clubs. Their leaders are believed to be familiar with resistance literature and no doubt have the capacity to make and use such weapons as petrol bombs (though there is no evidence of this). However, it is probable that in the ultimate no more than a small, determined, hard core would be likely to be involved in extreme violence of this kind. The possibility of bloodshed has figured in conversations with myself. Indeed, Emanuel has reported that M.A. have stated they could envisage provoking the killing of some members by the police to achieve their political purposes should all else fail. In short, the M.A. believe they have the initiative and incidents which could lead to violence can be expected at any time. The fact that they accepted an invitation to come to Moresby for talks does not indicate any weakening

2 A word appears to be missing here.

in their resolve. Indeed, if they do not get their way openly they could well resort to underground means.

3. The M.A. claims it is not as such anti-European. But its leaders are personally anti-European. While no threats have yet been made, action against individual Europeans should not be excluded. The present tension is bound to affect the morale of Europeans in Rabaul and the Peninsula.

4. Apart from the M.A., resistance to the Council in an organised but passive way comes from the various Kivung groups³ which previously had refused to join the Council. They still support the M.A. against the existing Council but will probably resist any M.A. attempt to get them into an M.A. council.

5. There is a further grouping of opinion, probably as much as one third of the total which has remained on the fence and has gladly taken the opportunity of avoiding paying Council tax.

6. If, as seems likely, the present talks between the Council executive and the M.A. break down, the Government broadly has the following options:

(a) to support the Council fully in the knowledge that at any time from now on, sooner probably rather than later, a direct clash with the M.A. involving the police is inevitable. This firm Administration position could be presented against the background of continued readiness to hold further test of public opinion by means of new elections or even a referendum (as stated in the House of Assembly on 13th November). This course would not be followed provocatively. Mass issues of summons would be avoided. It is seen as a holding operation to enable the Council to function. Given the numerical strength of the M.A., it would be necessary to hold at least the present police strength (500) in Rabaul and to be prepared to reinforce that strength at short notice. For this purpose we would need R.A.A.F. Hercules on call. Once committed, the Administration could not withdraw and it would need an assurance that, in an extreme emergency army units could be made available. Such an emergency is not seen as likely provided no restrictions are placed on amount of force police can use in extreme cases. It is relevant in this connection that unless the army pay problem is solved,⁴ there could be further disciplinary trouble in the army in early December. This course of action could best be carried out if a state of emergency were declared, which would permit searches, freezing of M.A. funds, curfew and preventive detention of leaders. It is realised that, in the absence of legislation in the Territory, such a declaration would present some difficulty not least because of likely public reaction.⁵ We are preparing legislation for the Territory House of Assembly which, if the situation deteriorates, would have to hold special meeting to consider it. The advantages of this course are that it would indicate that the Government is determined to maintain the law and exercise its authority in the face of a deliberate challenge, the outcome of which is being closely watched throughout the Territory. The Administration would be following a clearly expressed view of the House of Assembly. The disadvantages of the course are the risk of violence involved, the possibility that the police resources would not be able to cope without the aid of

3 See Document 241.

4 See Document 338.

5 For background, see editorial note 'Internal security planning'.

the army, unless a state of emergency were declared, the repercussions against the Administration amongst the articulate younger groups in Moresby and in the press.

(b) for the Administration to intervene directly by ordering either an immediate referendum or an immediate new election (which the M.A. at present would not accept) or by suspending the Council and replacing it by a commission on which both Council and M.A. were represented. Such a course of action would be a blow to the Council and its supporters. They would see it as an M.A. victory. Moves for early self-government and perhaps separation would receive enormous impetus. Moderate opinion, both in the Gazelle and in the rest of the Territory, would be dismayed and the capacity of the Administration to govern effectively would be seriously suspect. These obvious disadvantages have to be seen against the advantage of avoiding the substantial use of armed force possibly over a prolonged period.

7. Alternative 6(a) is supported by myself and senior advisers and we propose to act accordingly.

[NAA: A452, 1969/4331]

334 MINUTE, BALLARD TO WARWICK SMITH

Canberra, 24 November 1969

- Mr. Evatt brought out to me the series of messages from Hay yesterday ending with his 614.¹
 - I do not agree with his assessment in paragraphs 6A and 6B.
- In particular it seems to me that the type of action which is envisaged in 6A in order to support the Council would (on all experience from overseas) be much more likely to lead to premature self government than the action in B.
- Nor do I see the alternatives between A and B as being so stark. There would, for example, be some room for a middle course which envisages—
 - the appointment of Commissioners or a Manager *and*
 - legislation controlling the Mataungan Association
 which could be shown to be holding the balance and not surrendering to the Mataungans.
- If the Minister still feels that he has to support 6A then I feel that the Administration should be asked to comment on now a Restricted Residents Ordinance and a Societies Ordinance (precedents which have already been sent² up) would meet their needs.
 - Even if detention legislation would be acceptable in Papua and New Guinea I doubt if it would be so in Australia.
- Also if we are to get involved in legislation of this kind it seems necessary to be clear that Whitrod is involved in giving instructions on what the police will need in order to maintain law and order, and not D.D.A.

¹ Document 333.

² Presumably, this should read 'set'.

- In general as I see it the Administration summary has all the usual ingredients of relating to the immediate objective without adequate regard to long term repercussions.³

[NAA: A452, 1970/1690]

335 MINUTE, PLIMSOLL TO BRENNAN, BOURCHIER AND GREET¹

Canberra, 24 November 1969

Foreign Service Training for TPNG Officers²

I have read Mr Greet's minute of 13th November³ and also Mr Bouchier's note of 19th November, with its attached paper.⁴

2. Mr Bouchier's paper sets out a number of points on which consultations with the Department of External Territories should be undertaken. One question that should be examined is the setting up of a nucleus in Port Moresby for a New Guinea Department of External Affairs; this would include the assembling of archives, and the training of officers. We also need to consider whether the time is coming when this Department of External Affairs should have a representative in Port Moresby, and what his function should be (I would like that point further examined before it is put to Territories).

3. But on the current proposition, to train two men from New Guinea in the Department of External Affairs, there are some points needing immediate attention:

- (a) Should they be seconded to the Department of External Affairs? I would see great advantage in their being integrated into this Department for a few years, with special arrangements (including visits) to allow them to keep their links with New Guinea.
- (b) Rates of pay etc.

3 An unsigned carbon copy of a note to Barnes by Warwick Smith reads: '(1) the Administration does not face up to two facts—(a) the Council was elected at elections in which only 20% voted—a *very small electoral base* (b) there was a motion for revoking the proclamation—adopted by the Council. (2) There are middle courses apart from the Administrator's 6A and 6B—which are a little bit too black and white' (24 November 1969, NAA: NA1983/239, 49/6). More generally, an undated and anonymous DOET paper commented: 'The Department feels that a temperate and patient approach is necessary in order to resolve the difference arising between the Association and the Council. In the event of police action being necessary we must be sure that the Administration has done all that it possibly can have done in order to prevent this use of force. The Department is presently looking at the question of powers under emergency legislation to fix curfews, prevent the movement of people to and from areas, {and to} ban marches, meetings and the distribution of subversive literature as a means to control the activities of the Mataungan Association. Legislation to control societies generally is also being looked at by the Department' (c. 24 November 1969, NAA: A452, 1969/5256).

1 R.J. Greet, Diplomatic Staff Officer, DEA.

2 See Documents 322 and 326.

3 Addressed to Doig, Bouchier and R.B. Hodgson (Director, Foreign Service Training Course, DEA), the minute introduced an attached paper on 'our ideas on the type of man to be selected', 'E.A.'s role in the selection process' and the 'programme of training'. Greet asked for detailed comment after which the matter could be pursued further with DOET (NAA: A1838, 936/6/10 part 1).

4 A minute to Greet in which Bouchier responded to Greet's minute and expanded on an earlier paper (probably Document 323) that discussed foreign service training for PNG officers (ibid.).

(c) If married, an officer should be accompanied to Canberra by his wife. Suitability of the wife should be a factor in selection. Moreover there could be some training given to the wife simultaneously with her husband undertaking training. For example she could be helped to improve her proficiency in English, or could do a course at the A.N.U.

(d) External Affairs should participate in the selection of men.

(e) I do not rule out additional courses, for example at the A.N.U., being given to the men selected in order to broaden or otherwise improve their education.

(f) At this stage, Europeans should not be selected. The need of greatest priority is the training of indigenous men in New Guinea.

[NAA: A1838, 936/6/10 part 1]

336 TELEX, WARWICK SMITH TO HAY

Canberra, 26 November 1969

11201. CONFIDENTIAL PRIORITY

Gazelle plan of action

Minister has considered your 614 of 23rd November¹ and related messages and before approving a plan of action, some elements of which as indicated are contingent upon further decision, as follows would like to have any comments from you:—

(a) *Local government*

(1) Immediate elections of ward committees in wards in which these are wanted on basis of existing boundaries with Council allotting powers to them. (Immediate statement.)

(2) Immediate action to review ward boundaries in preparation for (3) below. Included in this review will be an examination of the position of small non-Tolai settlements (e.g. Kokopo ward is 100% non-Tolai and urban in character) with a view to deciding whether these two or three wards could be included in Rabaul urban government area or otherwise dealt with so as to remove causes of Tolai antagonism—a Departmental message has been sent on this matter (approval would be on a contingency basis which could not be acted on without further specific ministerial approval).

(3) Elections in about September 1970 on basis revised ward boundaries. Such elections to cover both main council and ward committees—(this would also be a contingent approval).

(4) Maintain principle that if MA do not want European or non-Tolai members they should oppose them electorally—(immediate statement).

(5) Tax collection to be enforced—but as far as possible by distraint not gaol—this would be a straight-out ministerial approval.

(b) *Land*

¹ Document 333.

- (1) Development Bank to continue subdivision of Matanatar and Revalien—future purchase and subdivision of plantations in traditional Tolai area to follow similar principles—(this relates to an existing ministerial approval).
 - (2) Administrator to report on possible action under Land (Underdeveloped Freehold) Ordinance in respect of—
 - (a) Rabaul
 - (b) Gazelle Peninsula
 - (c) Areas outside Gazelle which are capable for use for Tolai resettlement—
—this is a new proposal arising from the legislation recently passed by the House of Assembly on which urgent comments would be appreciated
 - (3) Administration disposition of land on border of Tolai areas to be based on the principles—
 - when the land is suitable subdivision should be based upon normal resettlement schemes
 - blocks shall be allocated on leasehold tenure only
 - specially constituted land boards will ensure that Tolais take decision on who shall receive blocks—this again recites existing ministerial approvals
- (c) *Courts*
- (1) Additional judge or acting judge to be appointed so that court may expedite determination of pending land cases—the Minister is approaching the Attorney-General.
 - (2) Court to be asked by the Minister to arrange sitting in Rabaul until land appeals are completed—the Minister has in mind to write to the Acting Chief Justice when he informs him of the proposal for a further judge.
- (d) *Legislation*
- (1) Identify those powers which are needed but which are not at present available and which would be acceptable under ordinary law such as—
 - extended provisions for binding over to keep the peace (including restricted residence or movement)
 - control of societies and public collection of funds
 - moving on
 - extension of present power, eg over assemblies and marches other than in public places as well as in them—this has been discussed with Curtis on the telephone and we hope that firm proposals can be evolved at a meeting in Canberra next week which would include the Attorney-General's Department.
 - (2) Legislation on these lines (which will clearly be directed at controlling activities of MA) to be introduced at a special meeting of the House of Assembly—the Minister's approval in this respect would be contingent and depends upon developments. We should however be glad to know when a decision [would need to be taken if the House were to meet in the week beginning 14 Dec].²

2 Text in original corrupted; bracketed text represents editorial interpretation.

(3) Preparation of ordinances that might be packaged under description 'special legislation' such as—

- curfews
- restriction [of] residence by an administrative act
- detention without trial

(3) *Operational aspects*

- (1) Administration places responsibility for maintenance of law and order clearly in hands of Police Commissioner
- (2) Administration ensures proper training and action by (i) police and (ii) DDA
- (3) Liaises with services.
- (4) Administration operates through AEC as far as possible
- (5) Administration decides line of control Special Branch
 - Minister's approval is again contingent and I should be glad to receive your recommendations in regard to these and other operational aspects
- (6) Department is in contact with Defence on logistic support including aircraft to move police

[NAA: A452, 1969/5256]

337 CABINET DECISION NO. 17

Canberra, 26 November 1969

CONFIDENTIAL

Submission no. 5—Territory of Papua and New Guinea Bougainville copper project¹

The Minister for Territories informed the Cabinet that the first of the recommendations at paragraph 25 of the Submission was now excluded, the developments which it foreshadowed having already occurred.²

2. Turning to the issue of the short-term admission of Asian labour and the recommendation at paragraph 25(2) of the Submission, the Cabinet saw this matter as one which should, in the first instance, fall within the responsibility of the Territory authorities—that is to say, the Administrator, the Administrator's Executive Council and, unless this would be imprudent, the House of Assembly.³

¹ A re-submission of Document 291.

² See Document 317.

³ Opposition from Trade and Industry (see footnote 6, Document 291) appears to have dissipated after DOET supported a request by McEwen that Cabinet approve insurance for Australian exports to the Commonwealth's external territories. The proposal was primarily aimed at assisting Australian companies to tender for contracts to supply certain needs of Bougainville Copper—exports that had an estimated potential value of \$137,000,000. Cabinet approved the suggestion pending further examination by Treasury (submission no. 789, McEwen to Cabinet, 18 September 1969, and Cabinet decision no. 1288, same date, NAA: A5868, 759).

3. Therefore, it felt that the appropriate course would be for the company to take up with the Administrator the issue of relaxation of existing immigration procedures of the Territory to permit, under specified conditions, the short-term entry of Asian labour where this is called for in any tender which the company may wish to accept.

4. If the Administrator, having consulted his Council—and if so decided the House of Assembly—wishes to approve the admission of Asian labour in a particular case, it will be for him to propose to the Minister a relaxation of Territory immigration policy for this purpose. The Cabinet indicated that the Minister was authorised to view such proposals sympathetically provided the conditions set out in paragraph 25(2) of the Submission are satisfied and provided the number of Asian workers admitted is limited to need and does not exceed 1,000 at any one time. In taking this view, the Cabinet had regard to the importance for the Territory economy of the development of the Bougainville copper deposits—see paragraph 11 of the Submission.

[NAA: A5869, 5]

338 SUBMISSION NO. 41, FRASER¹ TO CABINET

Canberra, 5 December 1969

CONFIDENTIAL

Pay and conditions of service of Pacific Islanders and members of the PNG division of the RAN

1. For some time, there has been growing unrest amongst members of the PIR and the PNG Division of the RAN over their terms and conditions. This has been especially evident within the PIR.

2. Not since 1964/65 has there been a general review of conditions of service although there have been movements in basic pay in 1966 and 1967 as a consequence of variations of the pay of the Territory Public Service and the Royal Papua and New Guinea Constabulary. A relationship has existed between the basic rates of pay of Service personnel and those applying to the Public Service and the Constabulary and nothing that is now proposed for the PNG personnel will alter this.

3. For quite some time, deficiencies in terms and conditions of Service personnel have been under examination. The dissatisfaction which had been developing in the PIR over the absence of any decision about conditions culminated in the failure of some 260 indigenes to report for duty at Murray Barracks in September last. As a result, 61 soldiers, including a considerable number of skilled tradesmen, were discharged. By then, my Department had joined in the Inter-Departmental discussions.

4. At my Department's instigation, soon after the September disturbance, an Inter-Departmental Committee went to the Territory to investigate on the spot those items which could be brought quickly to finality. Represented on the Committee were the Departments of Defence, Treasury, Navy, Army and External Territories. A senior officer

1 On 12 November, Fraser had replaced Fairhall as Minister for Defence.

of the Territory Public Service Board joined the Committee in Port Moresby and took part in all of its deliberations.

5. An intensive examination was made by the Committee of the whole range of Service pay and conditions against the background of local circumstances and conditions. As well, the Committee had the benefit of first-hand information from a wide range of Territory officials from the Constabulary, the Administration and education authorities. The Committee also talked with the Chairman of the Territory Public Service Board² and the Secretary of the Territory Labour Department,³ both of whom, I am advised, raised no objections to the substance of the Committee's ultimate recommendations. In the absence of the Commissioner of Police,⁴ the Committee had discussions with the Chief Superintendent.⁵

6. The Committee has reported on the results of its examination and has made a number of recommendations for immediate implementation and other recommendations calling for further investigation. A copy of the report is available. A summary of recommendations appears at Appendix 'A'.⁶ Appendix 'B'⁷ to this submission shows the provisions applying to the Constabulary in relation to each recommendation.

7. The report was circulated for consideration by the Departments represented on the Committee. This was followed by discussions earlier this week involving the Permanent Heads of the Departments of Army and External Territories and my Department, the Deputy Secretary to the Treasury and the Adjutant-General.⁸ In summary the Permanent Heads of my Department and of the Departments of Navy and Army and the Deputy Secretary to the Treasury support the recommendations except that the 25c per day proposed to meet service disabilities should be by way of a special allowance and not by way of addition to the basic rate of pay. The Permanent Head of the Department of External Territories agrees to all recommendations of the Committee with the exception of that dealing with the payment of 25c per day in recognition of disabilities of Service employment.

8. In a nutshell, the Permanent Head of External Territories fears that the payment of the 25c per day would lead to discontent amongst the Constabulary. He did not deny that some payment is justified but could give no indication of an appropriate amount. At the request of the Permanent Head of my Department, he spoke to the Commissioner of Police in the Territory as to what might be an amount which would not give rise to discontent in the Constabulary. The Commissioner's response was, I am advised, that any amount would produce discontent.

9. The Permanent Head of External Territories urged that an announcement be made that all the other recommendations are to be implemented but that nothing be said about payment for Service disabilities until his Department had developed a scheme which would lead to some commensurate benefit for the Constabulary. He thought that this might take at least three months.

2 G. Unkles.

3 D.J. Parrish.

4 R.W. Whitrod.

5 Unidentified.

6 Not printed.

7 Not printed.

8 Respectively, B. White, Warwick Smith, Sir Henry Bland, J.H. Garrett and Major-General D. Vincent.

10. The remainder of those involved in the discussions mentioned above, while acknowledging the importance of avoiding disaffection in the Constabulary, were not impressed by these proposals. In the first place, there would be no solution to the maintenance of law and order in the Territory if the avoidance of disaffection in the Constabulary led to disaffection in the PIR. Second, if it was apprehended that disaffection in the Constabulary would follow the grant of the 25c per day, why would there not be disaffection as a consequence of implementing the other recommendations which clearly disturbed existing total relationships between pay and condition of the PIR and the Constabulary? Third, it was thoroughly wrong in principle to adopt a rule that simply because the conditions of the PIR were changed to correct patent deficiencies related to their circumstances, there had to be some compensating adjustment in the conditions of the Constabulary whether or not there was justification for them. If there were justification, then External Territories should make adjustments to Constabulary conditions that were justified in its case.

11. Really at stake here is whether the total terms and conditions of the PIR and Constabulary should always be equated, irrespective of the differences in the circumstances of employment of each. To accept this is to fly in the face of all industrial and wage fixing practice. For example, we do not argue that overtime rates and shift work premiums which are appropriate in the case of the Constabulary should be applied to the Services. On the other hand, it makes no sense for External Territories to argue that a service disability allowance, appropriate to the PIR, should be applied to the Constabulary.

12. So far as the PIR and their naval colleagues are concerned, the absence of any recompense for service disabilities constitutes a grave deficiency in their total conditions of service. We have such an element in the total pay of Australian servicemen including those serving in PNG—the so called service loading of 50c per day. The UK Prices and Incomes Board recognised the need to compensate for what it called the ‘x’ factor in a recent report on pay etc. in the UK Armed Forces.

13. The justification for the proposed 25c per day is that it provides some recompense by way of a special allowance for the special circumstances applicable to indigene members of the Armed Forces in the Territory which are unique among all others employed in the Territory. The factors taken into account are:—

- (i) their liability to call out at any time;
- (ii) the absence of any recompense for duty outside the span of hours normal in other employment;
- (iii) the character of the disciplinary arrangements under which they work; and
- (iv) the particular conditions that apply to careers in the Territory’s Armed Forces. (Here I am thinking principally of the shorter period PIR soldiers will be serving.)

14. I repeat that the Secretary, External Territories, does not dispute that some allowance should be made on this account (see para. 8).

15. No one suggests that the measure of compensation is capable of precise assessment. But no one, with the exception of the Permanent Head of External Territories, is prepared to argue that the 25c proposed is too generous or inadequate.

16. There is one point of reference. The Committee found that in 1968/69 the average amounts paid to other ranks in the Constabulary for overtime and shift work premiums was \$131.76 p.a. and to officers \$558.54 p.a. Converted into an annual sum, the 25c

per day would be \$91. It is emphasised that the foregoing figures are averages. It is not disputed that some of the Constabulary may get less than the average but it is not suggested by External Territories that in the main centres where the PIR is, the average for the Constabulary is too high. From the nature of things it could not be.

17. In all the circumstances, I strongly support not merely the Committee's recommendations which are not in dispute but the proposed special allowance of 25c per day. I suggest that if there is a case for making some adjustment to the conditions of the Constabulary, it should be dealt with on its merits and most definitely should not be seen to follow as a response to changes made to Service terms of employment because of circumstances peculiar to that employment.

18. Finally, I come back to my earlier point—are we to pursue a course which will lead to disaffection in the PIR, who have a just claim, to avoid the possibility of disaffection in the Constabulary; the more so when no alternative has been proposed by External Territories throughout the long period of inter-departmental discussions. Territories does not, for example, suggest that we should apply Constabulary overtime and shift work rates to the PIR and if it did, we obviously could not agree.

19. I recommend approval of the special allowance of 25c per day and that implementation of this and all the other recommendations of the Committee have effect from 5th December, 1969.

[NAA: A5869, 41]

339 TELEX, HAY TO WARWICK SMITH

Port Moresby, 5 December 1969

10073. CONFIDENTIAL IMMEDIATE

Your 11416 Gazelle.¹ Assume you will also have seen my confidential 975.² So far as individual points raised by you are concerned, Williamson³ will have more information when he returns from Rabaul today. Interim comments are as follows:

1 Following failure of the Port Moresby meetings between the MRC and MA (for background, see Document 333), the groups had agreed to meet at a neutral location (Kavieng) on 16 December (submission, Ballard to Barnes, 5 December 1969, NAA: A452, 1969/5256). Warwick Smith telexed Hay urgently requesting further information for the purpose of finalising the Gazelle plan of action (see Document 336). He asked how the MRC and the Administration were approaching the Kavieng meeting in regard to '(i) agenda (ii) any prior action by Administration (tax follow ups suspended?) (iii) what proposals will Council put at the conference (iv) what will Council do if not accepted by MA (v) what will Administration do after the conference if not successful' (telex 11416, 3 December 1969, NAA: A452, 1969/5256).

2 1 December, to Warwick Smith. Inter alia, it argued that the proposals in sub-paragraphs (a)(1)–(a)(3) of Document 336 were 'attractions to be used by ourselves and the Council in attempts to bring at least some of the M.A. ... into the Council on terms acceptable to the Council and ourselves. If these attempts fail, then the proposals could be confirmed publicly as the views of the Government, but I would strongly suggest that whether they are proceeded with, and when, be a matter for later discussion with the Council'. On the question of summons to tax defaulters, Hay said that the Council was prepared to wait until after 16 December—and that Tammur was pressing for a moratorium—but the Administration believed it needed to demonstrate 'without delay our intention to collect tax and also to demonstrate by test cases that there is no escape through an attack on the validity of the ordinance' (NAA: M1868, 3).

3 K.R. Williamson, Assistant Director, Local Government, Division of District Administration, Administrator's Department.

(a) Next meeting between parties concerned is seen by the Administration as an opening for agreement to be reached basically on lines stated in Johnson statement in the House of Assembly. Probably Mataungans will wish to confine meeting to two council proposal. Both we ourselves and the Council regard it as important that this does not happen. Whilst Council wishes meeting to be held in Kavieng on 10th repeat 10th December, Mataungan Association is pressing for it to be held at district headquarters Rabaul. Present indication is that meeting will be held in Kavieng on 10th December.

(b) Details of agenda will be sent as soon as known but it is likely that Mataungan Association as well as Council will wish to present an agenda and if this eventuates the initial meeting will mainly be taken up with settling on the items to be included in a common agenda.

(c) We had intended (see paragraph 3 of our 975) to start court cases on tax defaulters early next week. We will let this run over now until after the meeting.

(d) The Council is likely to put up initially at the conference its original set of propositions agreed on in Port Moresby which did not include willingness to accept an earlier election but did include willingness to consider ward boundaries, ward committees etc.

(e) Council will listen to Mataungan Association proposals and will presumably reject them. If no other suggestions emerge then one must conclude that the meeting will break down.

(f) In such event, the Administration and the Council would:

(i) institute prosecutions of a small group, ensuring that the first case involves a non-Mataungan tax defaulter, to test validity of Council:

(ii) selectively issue summons against tax defaulters from all main groups in small numbers, with the object of bring[ing] steadily increasing pressure to bear upon tax defaulters, especially those who are not convinced Mataungan supporters, to pay their tax:

(iii) continue the process of consultation and discussion with and between the three main groups particularly with a view to exploiting any division that may become apparent among the Mataungan leadership:

(iv) work through the non-Mataungan members of the House of Assembly to seek an acceptable compromise solution particularly through involving 'neutral' villagers in discussions in the villages:

(v) should the above-mentioned lines of action succeed in persuading waverers to support the Council, but not the leadership of the Mataungan Association, the 'hard core' of the Mataungan Association will have been revealed. What steps to isolate it and contain it, especially if it should prove to comprise mainly the Matupit-Malaguna people, can then be considered and implemented.⁴

[NAA: A452, 1969/4001]

4 A TIC assessment of 6 December read as follows: '1. ... it is unlikely that the [Kavieng] meeting will result in any significant agreement between the two groups. 2. There are indications of lack of cohesion among MA leaders which could cause the movement to lose some momentum. 3. There is evidence that some MA supporters are becoming disenchanted with the Association due to failure to produce any results and the adverse effects the dispute is having on the Gazelle economy. 4. The newfound determination of the MRJC has already led to some strengthening of the Council's position to the disadvantage of the MA. If the Council's effort is sustained its position seems likely to improve further. 5. The MA however remains formidable and it would be misleading to assume that it had as yet suffered a serious loss of influence' (telex 1231, Hayes to Parkinson, 6 December 1969, NAA: A452, 1969/4001).

340 NOTE FOR FILE BY EVATT

Canberra, 7 December 1969

Disturbances Gazelle Peninsula

On Sunday 7th December two groups of about 100 each of young Tolais associated with the Mataungan Association were going around the Gazelle Peninsula in truck loads attacking members of the Gazelle Council and elderly respected Tolai leaders, four Councillors and one European were admitted to hospital and eight others were treated for minor injuries.¹ The pattern of the attacks demonstrated that there was a premeditated plan for the whereabouts of the various Councillors seemed to be known. Two were dragged from Branch meetings and a road block intersected another Councillor. A punch [was] swung at the Administrator but missed, Mr Fenton² who was with the Administrator's party was hit on the back of the head and punched, on this the Administrator's party escaped in the car.³

2. Pearsall at the direction of the Administrator phoned Canberra requesting:—

- that two navy patrol boats at present at Rabaul be directed to remain there indefinitely
- that a Hercules aircraft at present at Port Moresby be made available to ferry 90 additional riot police from Moresby to Rabaul
- that an Army Signal Unit be sent to Rabaul to provide better communications

3. Evatt phoned Clugston⁴ (Assistant Secretary Defence) and navy operations ANQ⁵ Duty Officer and R.A.A.F. were alerted.

4. Subsequently the Hercules aircraft was made available to fly from Port Moresby at 3.30 a.m. taking two police riot squads and one Intelligence Officer and three radio operators together with two radio sets to provide continuous secure communications between Rabaul and Port Moresby. The navy operations reported that the naval vessels Lae and Samarai will remain in Rabaul indefinitely but would take no action unless it is in their own defence⁶ unless directed to do so by the Naval Board. The summary⁷ had been instructed to provide secret communications if required.

1 Among those hospitalised were prominent Tolai leaders Vin Tobaining and Napitalai Tolirom (telex 10078, Hay to Warwick Smith, 8 December 1969, NAA: A452, 1969/4001).

2 P.J. Fenton, District Officer, Rabaul.

3 Hay was in Rabaul en-route to Bougainville. He was touring villages of the peninsula, having been impressed by earlier advice from Hopper that 'People weren't against the Administration but what was needed was more people moving around in the area ... The Administrator, himself, ought to move around more and be physically seen as an Administrator'. The visit was not formal, though West had made known where Hay would be stopping. At Malaguna, as he left a trade store, he was met by Tomot: 'He was in his traditional dress. His face was painted white and he was obviously in a great state ... I went to shake hands with him and then he started to abuse me in a very emotional voice. Mostly it had something to do with betraying the trust of the United Nations ... Then there were others who started to move into the scene who were similarly dressed and it was quite obvious there was no future in this for us staying around because it was developing into an ugly scene. So West and I called it a day. I went around the car to get in it and as I did so Melchior Tomot made as to strike me. Now young Fenton, doing his duty as a field officer, stepped in between so he collected a blow on the jaw, I think it was' (Hay interview, 1973-4, NLA: TRC 121/65, 5:2/10-14).

4 C.W. Clugston, Assistant Secretary, Defence Planning Branch, Defence.

5 Area North Queensland.

6 Presumably, the word 'and' or 'or' should have been inserted here.

7 This should probably read 'Samarai'.

5. The Secretary spoke by phone direct with the Administrator at Rabaul at about 10.00 p.m. and informed him of all arrangements made.

6. *Air ... signals*

Difficulty was experienced in obtaining permission to send the air signal group[.] Deputy Secretary, Defence,⁸ had spoken with the Minister for Defence⁹ who was int¹⁰ to give approval for the sending of Army personnel because of the incurred procedure that was being followed (notwithstanding this a signal group did go on the Hercules flight to Port Moresby). Fenton then called Pearsall at 10.30 and informed him of all arrangements that had been made.¹¹

[NAA: A452, 1969/5256]

341 TELEX, HAY TO WARWICK SMITH¹

Rabaul, 9 December 1969

UNNUMBERED. RESTRICTED. STAFF-IN-CONFIDENCE.

The following is my assessment as at 8am on Tuesday 9th December.

1. A serious threat to security has arisen from use by Mataungans of mobile gangs of thugs who beat up Council supporters and threaten their families. They operate by day and by night. Even when not actually operating, possibility that they may have dismayed and cowed Council supporters and impressed those who have not declared themselves. Equally serious threats arise from the capacity of the Mataungans to assemble mobs of supporters in Rabaul township and threaten such places as the police barracks and courthouse with mass assault by some thousands of persons in the event of arrest of Mataungan supporters. A similar threat could be mounted against the corrective institution. A further threat arises from the possibility that in some areas the pro Council elements will lose patience and

8 Defence had two Deputy Secretaries: G.E. Blakers and W.H. Leng.

9 Malcolm Fraser.

10 Meaning unclear—possibly the word ‘reluctant’ or similar was in mind here.

11 In a press statement of 8 December, Barnes condemned the assaults by ‘young extremists’ as an ‘apparently organised attempt to prevail in a local political conflict by means of open intimidation and brutality where they had not achieved success by democratic means’. Such incidents, he said, were ‘examples of the problems which lie in the path of progress of the people of Papua New Guinea towards full control of their affairs ... such tensions inevitably are engendered when people are brought from a simple subsistence existence into a modern complex economy ... Added to these problems are inherent divisions among the people ... Nevertheless ... the majority of the people have expressed their will through their Elected Members in the House of Assembly that unity must be a national purpose. The House of Assembly had unanimously asserted the need to maintain law and order and, in harmony with the resolve of the House ... the Administration will be backed by the Government in taking whatever action is necessary to prevent further lawlessness’ (NAA: A452, 1969/5256). During discussions on the formulation of the statement, Barnes said he wanted to make a ‘broad statement and let the Administration give the details of what happened’. Warwick Smith agreed, but was keen to emphasise that the matter was a ‘local political conflict’ and not a racial one. Barnes replied that ‘we should keep out of it’, because he wanted to ‘get away’ from the idea that ‘our actions are generating lawlessness’ and that the ‘Administration is ... the arm of the Department’. Nonetheless, he agreed to a compromise incorporating Warwick Smith’s view that ‘the Government’s got to say to the people in the Gazelle that it is backing the Administration’ (record of conversation, 8 December 1969, NAA: NA1983/239, 19/7).

1 The telex was repeated to Newman in Port Moresby.

thus resort to violent action.² The mood of the Councillors is one of extreme consternation and anger.³ The threat has not been extended to Europeans or Chinese but could well do so. At present the morale of this sector remains reasonably good.

2. The intentions of the Mataungan Association have always been to win power in the Gazelle on behalf of what they claim are the young, educated and untainted Tolais. The use of pressure and threat of violence have been a normal part of their equipment. The difference now is that force and threat of force are now being openly used.

3. The initiative has tended to rest with the Mataungans because of the legal obstacles to arresting Mataungan leaders, curtailing the mobility of their supporters and forbidding assemblies. The main body of the police is being held in Rabaul against the very real possibility of mass assault on key points. We are confident of defeating any such assaults but so far the Mataungans have had the run of the countryside outside Rabaul. From today strong mobile police Administration patrols are being mounted to make arrests of those involved in previous assaults and of tax defaulters and to show the Administration presence in the Gazelle. We shall mount standing patrols in key areas as soon as possible[,] bringing in extra civilian manpower if necessary. These measures will help restore confidence. The situation has been held during the last 24 hours. Our aim is to restore law and order, to reestablish confidence in the Administration and Council which has been seriously shaken. Against the strength of the opposition this will probably be a lengthy job. I propose to put Ellis in charge for the present and he will have extra staff in the planning[,] operational[,] intelligence and information side.

4. I have given a great deal of thought to the desirability of a special meeting of the House. I am coming to the view that it could be desirable but we should aim at nothing less than a full set of emergency powers.⁴ The open use of force has presented a new situation and we are gravely handicapped in dealing with it and would still be even if the stage one exercise⁵ were completed as at present envisaged. I am consulting with Curtis and Newman in this and will send a firm recommendation tomorrow or Thursday.⁶

2 Hay had reported earlier that a pro-council party had on the night of the 7th assaulted two Mataungan leaders, including Matthias Toliman's brother, Michael (telex 10078, Hay to Warwick Smith, 8 December 1969, NAA: A452, 1969/4001).

3 The council had met on 8 December. It had 'deplored [the] trouble started by MA' and passed a vote of no confidence in Tammur. It also 'accused Nwokolo of causing the trouble' and said that he should be deported (telex 10085, Hay to DOET, 8 December 1969, *ibid.*). In an 'emotional' meeting with Hay of the same day, 'strong resentment was expressed that [the] Administration had waited until blood was shed before acting firmly. Councillors said that if Administration action [was] not now effective, they would not be able to hold their own people back and there would be widespread violence' (telex 10086, Hay to DOET, 8 December 1969, *ibid.*). Hay has said that it was 'very, very heart-rending to hear these things' and 'tragic' to see 'these old men, a number of them battered and bruised, sitting down and not really knowing what to do' (Hay interview, 1973-4, NLA: TRC 121/65, 5:2/16).

4 See editorial note 'Internal security planning' and Document 333.

5 That is, to attempt during a scheduled meeting of the House to embed public order powers in normal legislation—as opposed to progressively more extreme powers, which could be introduced to the House in two further stages as demanded by events on the ground (see minute, A.F. Dyster (Officer-in-Charge, Law Reform and Law Revision Section, DOET) to Ballard, 1 December 1969, and notes of discussion between Territories and Administration officers, 4 December 1969, NAA: A452, 1969/5637). This represented a minor modification of the two-phase approach which had hitherto been used (see editorial note 'Internal security planning').

6 In Canberra, the interdepartmental committee on military aid to the civil power had been continuing its attempts to construct a paper for consideration at higher levels (for background, see Documents 273 and 311). There were still tensions with DOET. Referring to changes to a summary paper made by DOET, DEA thought these

5. I propose to return to Moresby on Wednesday if the situation permits.

[NAA: A452, 1969/4001]

342 NOTES OF DISCUSSIONS BETWEEN DOET AND ADMINISTRATION OFFICIALS¹

Canberra, 8–9 December 1969

CONFIDENTIAL

Select Committee on Constitutional Development²

[matter omitted]

8TH DECEMBER 1969

Mr. Johnson—Basically a very conservative committee

- Toliman
- Giregire
- Yuwi
- Middleton
- Leahy
- Abal—All conservative
- Olewale
- Somare

changes ‘were not happy [ones] as they tend to play down the significance of the use of the army’ (minute, Coles to Doig, 5 December 1969, NAA: A1838, 936/3/21 part 2)—and Defence confided to DEA that it was ‘not happy with the latest draft’ (marginal note by Doig, 10 December 1969, on minute, Coles to Doig and Booker, 8 December 1969, *ibid.*). When Territories said on 5 December it did not envisage another interdepartmental meeting in the near future (it was busy with the re-organisation of the PIR), DEA warned that ‘whatever happened [it] would hope [to have] adequate warning as the present paper was not something that could be rushed to Cabinet in twenty-four hours’ (minute, Coles to Doig, 5 December 1969, *ibid.*). External Affairs was therefore surprised when it found on 8 December that Warwick Smith had instructed that the paper on military aid and a submission based on it should go to Cabinet within a week. Coles said the final Cabinet decision on the submission of May was still pending (see Document 273) and insisted that interested departments be consulted in advance or at least have adequate time to brief their Ministers (minute, Coles to Doig and Booker, 8 December 1969, NAA: A1838, 936/3/21 part 2). Afterward, Doig spoke to Poyser of Defence, who said his Minister ‘will take a firm stand on Territories’ proposals if they should press them on’ (marginal note by Doig, 10 December 1969, on *loc. cit.*). However, Booker noted that ‘Cabinet will conclude today and not meet again until New Year’ (marginal note by Booker, 10 December 1969, on *loc. cit.*).

1 Inter alia, the meeting included Warwick Smith, Ballard, Johnson and Littler.

2 In late November, Warwick Smith had phoned Hay in preparation for DOET–Administration discussions and had said: ‘(a) The Minister is developing an attitude which needs to be discussed at some length ... (b) The Committee’s proposed programme seems to go a good deal beyond proposals earlier discussed. Is Mr. Morrison perhaps encouraging this? (c) The development in (b), together with the probability that political influence (for example, the Speaker) will be at work on the Committee and trying to direct it in certain ways. Suggest that the role of the Official Members in the Committee will be of considerable importance and that that role will have to be more active than was originally contemplated. The Official Members will need to be able to keep in constant touch with the Department’ (minute, Hay to Johnson, 1 December 1969, NAA: M1866, 4).

- Arek—All radical
- Mola
- Lussick
- Oala-Rarua—All fence sitters
- Problem will be to produce a report sufficiently forward looking
- Morrison at this stage not fulfilled expectations³
- A good idea for assistant to executive officer
- Need assistant who is prepared to stay in the Territory most of the time

Mr. Ballard

- Better your man rather than Morrison's man

Secretary

- Perhaps some sort of liaison officer

Mr. Johnson

- Have some difficulty with this idea as it most desirable to get assistant into committee meetings

Secretary

- Perhaps we could get a lawyer to plug a hole in Crown Law and release an Administration officer. I have heard of one from W.A. who may become available.
- We'll see if something can be done on this

NEXT COMMITTEE MEETING (i.e. December '69)

Mr. Johnson

- Prime object to come up with something to talk to Minister about
- Functions under Section 25⁴ be of major interest
- See a good deal of room for manoeuvre within this section
- Particularly re A.M.M.'s who have justifiable dis-satisfaction

Secretary

- Because they are not in A.E.C. or not have sufficient work in Departments?

Mr. Johnson

- They are second strings in Departments in three cases

Secretary

- Could discontinue A.M.M. where M.M.'s already in Departments

3 There had also been complaints in DOET about Morrison. Noting that the provisional program for the Select Committee's December meeting had Morrison speaking for 30–45 minutes prior to discussion of each topic, David Wheen (position unidentified, DOET) wrote, 'One wonders, is Morrison the servant of the Committee of vice versa?'. On papers prepared by Morrison, Wheen added: 'these are not at all "in depth" papers, indeed some are very superficial and tend to be statements of fact or opinion rather than analysis ... from a reading of the papers one gets [the] distinct impression that Morrison is talking down to the Committee and being very patronising' (minute, Wheen to Ballard, 26 November 1969, NAA: A452, 1969/5484).

4 See editorial note 'Changes to the Papua and New Guinea Act'.

Mr. Johnson

- Lue in technical education most dis-satisfied
- Could perhaps be someone in law e.g. corrective institutions

Mr. Ballard

- Deliberately not put Police in Department of Law

Mr. Johnson

- The right person in Police as M.M. or A.M.M. would be O.K. Perhaps also:
 - Mining
 - Law
 - Social Development
 - D.I.E.S.
- A.M.M.'s should be invited to A.E.C. more frequently
- Only Oala-Rarua attended A.E.C. very much
- Would prefer all to be Ministers with inner and outer Cabinet structure

Secretary

- Do they do enough in Departments?

Mr. Johnson

- Varies greatly in Departments according to ability
- Need a Class 8-10 to look after them and [there is] a shortage of such persons
- M.M.'s reasonably happy and well cared for
- A.M.M.'s would feel demeaned by having young educated Papuan and New Guinean to assist them

Mr. Littler

- Kaibelt although illiterate, feels slighted to be A.M.M. as he is a very influential citizen
- nearly resigned twelve months ago

Mr. Johnson

- Tei Abal improving, reads and writes Pidgin
- Olewale somewhat critical of M.M.'s

Mr. Littler

- Complained that [they] spend too much time away from electorates

Mr. Johnson

- House does not criticize M.M.'s
- Electorates' view is that a member is to represent the people not sit in Konedobu office and drive around in official car

- If shopped around country with a system of some appointed ministers without electoral base would probably get a good deal of support⁵

PAPER B10:—ROLE OF SELECT COMMITTEE⁶

Mr. Johnson

- Arek did complain {re announcement of increased delegations to M.M.'s}⁷—thought Minister should have told him beforehand

- Committee could recommend that M.M.'s and A.M.M.'s have powers superior to Directors

PAPER B11:—ROLE OF OFFICIAL MEMBERS ON SELECT COMMITTEE

Mr. Johnson

- Committee will be kept on tracks regarding keeping the House informed of its proceedings and making no recommendations to Minister without concurrence of the House

- Johnson been remiss re briefing himself because of other pressing tasks and has had to leave this to Littler

- No problem in deferring an item for conclusion at later committee meeting

Secretary

- How do you stand in the Committee?

Mr. Johnson

- Preferable we adopt role of treating items on merits rather than on instructions

- Highly unpopular to say conclusion should be deferred until instructions received

- Tei Abal asked Arek whether Pangu member

- Arek said not a member but sometimes voted with Pangu because he agreed with their viewpoint

- Discussions not dominated by Chairman to date, he has been very uncertain

- Executive officer been unable to help him greatly

- Guise and Arek very close

- Lussick rather vocal

- Two Highlanders most conservative and strongly oppose any radical proposals

- Mola not attended very much

- Olewale and Oala-Rarua speak most

- Olewale has a great deal of ability and will eventually join Pangu

PAPER B12:—BASIC PRESENT POSITION

Mr. Johnson

- Territory in a transition stage and where it is possible must always take advice of the A.E.C. and House

⁵ Punctuation or words appear to be missing in this sentence.

⁶ For this and other papers referred to below, see Document 349.

⁷ See editorial note 'Administrative delegations and the role of Assistant Administrators: continued debate'.

- Will circulate copies of Administrative Arrangements under Section 25⁸

Secretary

- Section 25 could be re-written

Mr. Johnson

- New party will have all ministers and a majority in the House
- Will have situation where necessary to take all legislation to party to seek its support and it will have some discipline
- Will be easier to legislate initially but more difficult in the longer term

Secretary

- New party is bound to force a clearing of the existing financial arrangements

PAPER B13:—COMMITTEE MEETING WITH MINISTER IN FEBRUARY

Secretary

- Minister envisages broad ranging discussions in an informal manner

Mr. Johnson

- Time catching up fast and Committee wants to go [to] the people as soon as possible for obvious reasons
- Wants to take some ideas to the people and need to know what the Minister feels about them

Secretary

- Minister wants to talk of virtues of ministerial system not presidential system

Mr. Johnson

- A combination of Ministers from inside and outside legislature could be considered, e.g. Tanzania which has some ministers from outside House and some from inside

Secretary

- It must be demonstrated that suitable people exist outside House who could serve

Mr. Johnson

- Young men from outside who⁹ have been away from electorate too long.
- Beware if party system introduced could get party hacks introduced by indirect election or nomination
- Tanzania has maximum of three outside ministers and I believe [we] may get some feeling in the Territory for a mixed ministry

Secretary

- Does Committee understand the difference between the Minister expressing a personal view as opposed to a Government view?

⁸ See Document 197.

⁹ This word is perhaps superfluous.

- After having met the Minister, been on tour of Territory, formulated its views, placed them before House—then would be the time to meet 3 or 4 Ministers and seek some definite Government positions

Mr. Johnson

- Committee can only make formal approaches to Minister after the House has approved
- If radical recommendations made they are sure to be rejected
- Committee inclined to regard Minister as able to say 'yes' or 'no' himself

Secretary

- Should not expect too much of yes/no discussions but a preliminary exchange

Mr. Johnson

- Committee will be flattered to talk to the Minister
- Arek's greatest fear is that House will remove him from chairmanship if he displays too radical an approach

Secretary

- Minister interested in bi-cameral system with some regional base

PAPER B.1—PARLIAMENTARY ORGANISATION—UNITARY & FEDERAL

Secretary

- Administration very strong on the need for a strong central government
- Been unable to get a firm statement from the Government that they will continue to administer the Territory as a single unit

Mr. Johnson

- Must be some regional representation, but dislike growth of strong Local Government Councils

Secretary

- Agree we must avoid overmuch regional focus

Mr. Johnson

- A very divisive tendency if too much power to regional Local Government Councils

Mr. Ballard

- The word Federation can mean a great deal. In Malaysia one does not have sovereign States.

Mr. Johnson

- Local Government Councils have already wide powers subject only to the Local Government Commissioner
- Could gerrymander boundary and over-represent areas which are clearly defined, e.g. Tolai

Secretary

- A second chamber could provide some balancing of regional interests.
- Got to feel one's way to solution on this

Mr. Johnson

- Every regional group will seek to be over-represented

Mr. Ballard

- Must examine this in context of sharing power between centre and L.G.C.'s

Mr. Johnson

- Can sell a second House on regional representation
- Not sure whether this should be elected by regional Local Government Councils
- By and large locals are all in favour of L.G.C.'s which are clearly identifiable sources of power
- Presently a tendency to see the Government as 'them' and not yet identified as 'us'.
- 'Will you want in the future all the power concentrated in the hands of other e.g. statutory bodies out of your control[?]' is a point not sufficiently accepted to date by the local politicians.

PAPER B.2—PARLIAMENTARY ORGANISATION—UNICAMERAL & BICAMERAL

Secretary

- What is the feeling re regional electorates

Mr. Johnson

- People think they are satisfactory
- Believe that they will stick to regional electorates with some educational qualifications not necessarily the existing ones.

Mr. Littler

- Heard complaint on number of Europeans elected

Mr. Johnson

- There is tendency to connect Europeans with educational qualifications requirement.
- It manifest that European members do more for their electorates than indigenous members and the feeling that if you want to get something done go to the Regional member is an all too frequent outlook.
- Consequently difficult to get rid of regional electorates

Mr. Littler

- Suggest an age qualification of 30

Mr. Johnson

- I think a second chamber is saleable as a place to put educated people
- Will this make a second House any different from the lower House?

Secretary

- By making it indirect election reduces scope for demagogic people
- Likely to get more literate people
- If someone comes up with better proposal for this election other than through L.G.C.'s this will need consideration

- Prime object is to get better considered legislation
- I presume Committee won't get to second chamber consideration until well on in discussions
- It is a complication to the system

Mr. Johnson

- There are strong objections to second chamber, but it does have some advantages
- N.B. Department to prepare paper on how second chambers are elected.

Mr. Littler

- Could have base of District Electorates

Secretary

- Certainly a minimum age limit appears desirable

Mr. Ballard

- Got to slow down passage of legislation and resolutions although accepted that to date Government been offender in this regard

Secretary

- Districts as electoral base got some possibilities
- Minister thinks Senate here frustrated by members of Executive in upper House—if didn't have members of executive in Senate then much less likely to toe party line.

PAPER B.3—POSITION OF THE JUDICIARY

Mr. Johnson

- No one going to raise judicial problems

PAPER B.4—RELATIONSHIP OF EXECUTIVE TO LEGISLATURE AND ORGANISATION OF EXECUTIVE

Mr. Johnson

- A feeling amongst many electors that where their member is appointed M.M. or A.M.M. then they should proceed to another election

Secretary

- A Party arrangement could greatly help this situation

Mr. Johnson

- Ministers three out of four weeks in Moresby and therefore considered a bad local representative
- Probably lose Toliman and Bilas in 1972

Secretary

- Do we know of any devices which would assist Ministers with electorate work in the Papua and New Guinea environment?

Mr. Johnson

- When trying to build A.E.C. got to spend a lot of time in Moresby
- We are too busy creating an Executive which can be seen to be operating

Secretary

- In our society without highly organised Party system many Ministers would not survive.

DISCUSSIONS 9/12/69

Mr. Johnson

- Basic problem is not going to be the content of these papers but rather how we handle the material

Mr. Ballard

- Two alternate ways of having appointed Ministers

- (i) Appointed from right outside House by the Executive
- (ii) appointed by the House to the House

- Australian Ministers and Senators have rigid view on need to have an electoral base

Mr. Johnson

- Possibility of Cabinet itself making appointments of outside Ministers

- An alternative the House could appoint a proportion of members who aren't elected

Mr. Ballard

- Danger that this could become a way of pushing extremists into office without electoral support

Mr. Johnson

- Collective responsibility by Cabinet in making unpopular decisions is quite foreign to traditional ways

Mr. Ballard

- Think you could have trouble with appointed Ministers

Mr. Johnson

- Could Head of State nominate the appointed members?

- Committee will get no concrete positions on this for at least 12 months

Mr. Ballard

- Make sure the need for electoral base is discussed by Committee with Minister

Mr. Johnson

- My guess that some form of indirect election or nomination of some of the Executive will be put quite strongly

- N.B. Department to prepare a paper on how this has operated elsewhere.

PAPER B.5—POSSIBLE DEVELOPMENTS WITHIN LIMITS OF PRESENT P.N.G. ACT

Mr. Ballard

- Not much need to expand on Section 25 until one goes to self-government

Mr. Johnson

- One could still go to self-government by convention under existing provisions of Act.

- Under Section 24¹⁰ could contemplate an increase in M.M.'s but not A.M.M.'s.

Mr. Ballard

- No one is going to object to alteration of the numbers of M.M.'s, A.M.M.'s.

Mr. Johnson

- Would Government agree to increase M.M.'s and delete A.M.M.'s completely?
- Army in Moresby been keen to have Minister—but I don't think this discussed with Canberra.

Mr. Ballard

- Case for having M.M.'s covering whole range of Government activity
- A.M.M.'s only in reserved areas
- A.M.M. for Treasury

Mr. Johnson

- In reserved areas can't have M.M.
- Increased number of M.M.'s to cover all non-reserved and some other form for reserved areas—really want another name but the same privileges and salaries as M.M.'s
- Would Section 25(c) need to be amended?

Mr. Ballard

- An A.M.M. can still put up recommendations

Mr. Johnson

- Have to do something to inflate A.M.M.'s

Mr. Ballard

- We need to do three things
 - look at reserved Departments—have we been too careful to date?
 - M.M.'s¹¹ in all Departments which are not reserved
 - A.M.M.'s in reserved Departments to assist Official Members as in Treasury
- Should Police be represented by official?

Mr. Johnson

- See no need for Police to be reserved

Mr. Ballard

- Administrator's Department should be reserved

Mr. Johnson

- Administrator's Department is a conglomeration and requires representation of functions, not of the Department

¹⁰ See editorial note 'Changes to the Papua and New Guinea Act'.

¹¹ This should presumably read 'M.M.'s'.

Mr. Ballard

- Not M.M. for Department as whole, but a M.M. for Police

Mr. Johnson

- If there is a job in it?
- Law is not a reserved Department really—it needs someone who is able to adequately understand it.

Mr. Ballard

- Number of issues—
 - (i) politician should not control prosecutions—among former British colonies there has been established a position of Director of Public Prosecutions, however this not necessarily a doctrine which Australia would push
 - (ii) need for a lawyer to be Attorney-General?—could get over this by having a Ministry for Justice.

Mr. Johnson

- Could be A.G. who is Official Member
- Not feel very strongly about this
- Land doesn't require reservation

Mr. Ballard

- Never been reserved

Mr. Johnson

- Information—problem re use for propaganda
- Treasury objections at present—but not if reach the stage where Australian grant is for specific purposes

Mr. Littler

- Local government should have a larger role—should be M.M.

Mr. Johnson

- Re Langro,¹² nobody surprised if at present we don't appoint another to his position
- If A.M.M.'s to remain must be increase in status of position and their functions

Mr. Ballard

- Is there any possibility of having A.M.M.'s in touch with Commonwealth Departments?

Mr. Johnson

- M.M. for Transport going to require to have discussions with D.C.A.

Mr. Ballard

- explained background of British system of liaison officers to assist Ministers (Johnson considers this is a good idea for a permanent Under-Secretary system to assist Ministers and will consider whether liaison officer practice should be formalised)

¹² See footnote 6, Document 325.

Mr. Littler

- Such officer could return to electorate to assist Minister and liaise with Department allowing Minister more time in the electorate

Mr. Johnson

- B.S.I.P. has much of its grant tied to projects

Messrs Ballard & Johnson

- Agree a good case in 1972 for moving to tied aid

Mr. Johnson

- At first not completely, but gradually, e.g. 50 million grant not tied and 70 million tied
- Admin and Department should closely consider this question
- By 1972 should have a clearer view of world aid situation
- Won't get Port Moresby Supreme Court through House of Assembly

PAPER B.6—PARTY SYSTEMS AND THEIR RELATION TO EXECUTIVE

Mr. Johnson

- Two reasons for establishment of Ministerial Nominations Committee—
 - (i) because no Parties
 - (ii) no link between Cabinet {and parties}
- If Party with majority then it elects Ministerial Nominations Committee
- one way out unless Party has a thumping majority is to give some note¹³ to minority groups
- In initial stages at least won't get rigid Party discipline

Mr. Ballard

- Thinking of some middle position with a balancing of House of Assembly and Administration viewpoints—basically a bridging arrangement on both sides

Mr. Johnson

- Assuming 'Country Party'¹⁴ gets off the ground¹⁵ have a majority in House[;] possible leaders Lokoloko, Giregire, Tei Abel contending for position
- It would seem desirable that precedent be established that minority groups have some representation on Executive
- Could be large regions unrepresented if a strictly Party system adhered to
- Could write an understanding but not rules—establish precedents if possible that minority groups have representation in the Executive

Mr. Ballard

- a minority group opposed to the Administration would stay out anyway

¹³ This should probably read 'vote'.

¹⁴ Presumably, that referred to in footnote 10, Document 321. See also Document 347.

¹⁵ Perhaps the words 'it could' or 'it would' should have been inserted here.

- A 'Country Party' might be in accord with Admin. views
- but should not establish precedents on basis that this type of party will always be in power.

PAPER B. 7—OFFICIAL MEMBERS

Mr. Johnson

- If Official Members abstain, 10 votes down the drain in that if officials vote M.M.'s and A.M.M.'s always feel obliged to follow Government policy
- Personally thinks Official Members should not vote
- Precedent generally in other situations is that if an Official Member then should be an active participant and therefore vote.
- If you want to retain O.M.'s for some time then certainly more saleable not to have vote
- Minister could always establish by convention Official Members don't vote

Mr. Ballard

- Could present as part of package deal with M.M. system change.
- Prime reason for Official Members is to ensure that Government is able to have its views adequately presented

Mr. Johnson

- House decides views on rhetoric not logic
- Logic, calm presentation of views doesn't get one vote
- Official Members of Committee could take the line that they have no objection to having Official Members remain in House, but that the Official Members would not have a vote
- Presently too many Official Members, eliminate two D.D.A.'s
- After 1972 the lobbying will be of parties not individuals
- Possibly leave Deputy Administrators out

Mr. Ballard

- Secretary for Law and Treasurer only essential ones

Mr. Johnson

- In 1972 need to have one generalist, an individual well clued up on Government policy

Mr. Ballard

- Secretary, Administrator's Department, should be there to answer questions on reserved areas
- In second House need a mouthpiece[;] two official or nominated members, perhaps a Deputy Administrator in each House

PAPER B.8—A.E.C. AND MINISTERIAL SYSTEM

Mr. Johnson

- Don't need all M.M.'s in A.E.C.

Mr. Ballard

- If drop Official Members from House then also be dropped from A.E.C.

Mr. Johnson

- Agreed—bring in officials as special advisers but not voting members.
- Official Members at present sit and refrain from comment until asked
- Number of officials could be reduced, but retain the most senior
- Arek written to all Departmental Heads for their view on M.M. system
- It would seem desirable for Departmental Heads to appear and give their views[;] however Administrator is opposed to this as some may sow some radical ideas

Mr. Ballard

- Departmental Heads should be explaining how the system works at present not putting forward their own views on future developments within the system.

PAPER B.9—REGIONAL ELECTORATES—EDUCATIONAL QUALIFICATIONS

Mr. Johnson

- Generally Committee likely to support retention of regional electorates in some form.

Mr. Littler

- going to get a better known man embracing more than one tribal group.

Mr. Johnson

- Present system gives us a House more difficult to manage

Mr. Ballard

- Under regional electorate system could get more of radical young men

Mr. Littler

- If remove educational qualification may get better known men, e.g. Tei Abal may stand for Regional electorate.

Mr. Johnson

- Believes this question something Official Members could opt out of and not seek to influence committee.

Mr. Littler

- Suggest age qualification plus residential qualification for region, e.g. five to seven years

Mr. Johnson

- If have two Houses then no Regional electorates in lower House

Messrs. Ballard & Johnson

- Lower House of individual electorates, upper Houses of Regional electorates directly elected with residential and age qualifications

Mr. Ballard

- If two Houses it would become more difficult for Commonwealth to impose veto

Mr. Johnson

- Delay in legislation could be severe
- Later on in this House going to have an increasing number of private members' bills which may need to be disallowed

GENERAL DISCUSSION

Mr. Johnson

- Probably get some sort of restricted emergency legislation through[;] however, probably be several determined attempts to adjourn this to next session.

Secretary

- Sees one of the two Deputy Administrators fulfilling a role fully concerned with political affairs and freed from other administrative duties, e.g. this person could be the single Official Member on the A.E.C. and senior Official Member in the House.

The meeting recommenced at 3.45 p.m. following a visit by Messrs. Ballard, Johnson and Littler to the Minister.

Mr. Johnson

- Minister re-iterated his views in favour of a Westminster system
- Minister also agreed that an elected House could elect a small number of outsiders to its own number. He also was amenable to having M.M.'s covering all the non-reserved areas. This would leave about four A.M.M.'s e.g. D.I.E.S., Treasury etc.

Secretary

- The sooner the local politicians start running their own affairs and hence move into reserved areas the better.
- Not interested in retaining reserved departments and the case has to be made for not giving away reserved areas.
- It is likely that the local people will be tougher against their own people than we could afford to be e.g. internal security in Singapore.

Mr. Johnson

- If the Australian Government is willing to give up reserved areas then there will be no reluctance on the part of the Administration to take these up.

Mr. Ballard

- There must be an area within the Department of the Administrator in which the Administration considers developments in the Territory as they relate to Australian rather than Papuan and New Guinean interests.

Secretary

- This would involve a small personal staff.
- In all matters relating to the Territory then there should be an M.M. responsible
- Even the Special Branch should be under the control of a M.M. (subject of course to the direction of the Administrator)

Mr. Johnson

- At present we don't have one M.M. who could cope with the responsibilities of the Treasury. He would consistently find himself in a position of non-comprehension.

Secretary

- M.M.'s must be given experience and shown that it is not easy. I no longer accept that policy of maintaining reserved areas is necessarily right.

Mr. Johnson

- If this is a negotiable position then we could wait and see what the Committee comes up with. I shall discuss the question of reserved areas with the Administrator.

Secretary

- The Administrator is going to require an assistant Administrator who is his political affairs expert and would not have any administrative authority.

Mr. Johnson

- In the second chamber there will need to be two officials without portfolio. One could perhaps also put an A.M.M. in this chamber.

Mr. Ballard

- Second chamber could lead to a slowing down of legislation.

Secretary

- Doesn't see any need for a slowing down of legislation. It could be established that the standard time for passage of legislation was two meetings. Sees no reason to be apprehensive of 2nd House causing undue delay to legislation.

- Strongly of the opinion that the Australian Government would not allow the Territory executive to introduce emergency powers without going to the legislature.

[NAA: A452, 1969/5484]

343 NOTE FOR CABINET BY BARNES

Canberra, 9 December 1969

CONFIDENTIAL

Territory of Papua and New Guinea Pay and conditions of servicemen

I attach a note on Submission No. 41 circulated by the Minister for Defence on 5th December, 1969.¹

Attachment

NOTE ON PROPOSED SERVICE LOADING FOR INDIGENOUS MEMBERS OF THE ARMED FORCES

In 1951 when the Pacific Islands Regiment was established, it was laid down that pay and conditions for the P.I.R. should generally be equated with those of the local Constabulary and local Administration employees.

¹ Document 338.

2. In 1966 Cabinet Decision No. 501 re-affirmed the principle of general alignment, and said that different principles for local Services personnel 'could undermine the position which was being held for the more numerous body of local public servants and police.'²
3. Following a P.I.R. demonstration at Murray Barracks on 25th September, a Working Party went to Port Moresby on 5th October to make an on-the-spot investigation of aspects of P.I.R. pay and conditions, and reported on 25th November.
4. Departments have subsequently agreed on higher skill pay for Services tradesmen aligning them with local Public Service rates. There has been no objection by Territories to this change, or to the substantial sea-going and patrol allowances, and to improved allowances for Servicemen training in Australia.
5. Defence also propose a loading of 25c per day (\$91 p.a.) for Servicemen mainly to remove a claimed 'wide disparity in take home pay', in that police earn overtime while Servicemen, although working frequent overtime, receive nothing—but also apparently in part to compensate for disabilities claimed to mark service in the forces.
6. Army argue that the Police are catching up the disabilities in accommodation previously suffered against the Army and that the other major items (rations, furniture and issues) being under separate review can be disregarded for present purposes.
7. A balanced assessment of comparative conditions is complicated by differences in the nature of the duties and responsibilities of police and soldiery. More than half the police live and serve in rural areas throughout the Territory, under varying conditions, whereas the Army are concentrated in Port Moresby, Wewak and Lae with a smaller centre at Vanimo. Territories considers the accommodation gap has been only partially closed. On the planned standards of new Police housing even when sub-standard accommodation has been replaced there will remain for the rank and file a significant gap compared with the standards of existing Army housing. In the Territories' view a substantial overall disparity continues to exist in favour of the Army, particularly in rations[,] issues of furniture and household equipment which cannot be ignored. Moreover, there appears to have been no consideration of the 'disabilities' that mark Police service. Police are normally on operational duties, and in disturbed areas—the Border, Bougainville, the Gazelle Peninsula—operate under real strain.
8. Whether the proposed Services Allowance is claimed on the ground that the Army are behind the police in pay and conditions generally, or whether it is related to claimed special disabilities of life in the Services—or both—the view of the police themselves is that the Army is still well ahead and that the proposed allowance would place them at a further disadvantage. There is a wide gap in mutual understanding on this issue between the armed services and the police which is shared by their senior officers. There has so far been no attempt to have the facts considered in a Committee which will enable representatives of both groups either to agree on the facts and establish the relative positions or to strike a balance on differences which might be acceptable.
9. The proposed Service Allowance amounts to 22% of the minimum pay of a single soldier. As an increase payable to the Services only, it would create resentment among the police and have a serious effect on police morale. There are approximately 2,600 native servicemen as against 3,300 native police, 900 warders and 19,000 civil employees (Administration and Commonwealth Departments) who would be subject to any general

2 See footnote 2, Document 65.

pay increase. (There are also 15,000 'industrial' employees who would not be directly affected.)

10. An isolated increase for the Services now would encourage Army, police and public service to believe that demonstrations or strikes—or threat of them—will produce pay benefits.

11. The possibility of serious police unrest must therefore be taken into account. When threats to law and order arise it is the Police and not the Army on whom the Administration (and the Government) depend. Such a threat now exists in the Gazelle Peninsula. We cannot afford trouble with the Police.

12. Salary rates for the 19,000 Administration and Commonwealth local public servants are now the subject of claims for substantial increases. They may go to Arbitration in February 1970. Pay increases are expected, perhaps 10 to 15%, perhaps more. There would be consequential adjustments in Police and Army rates of pay. If any Services Allowance is to be introduced it could be done with least disturbing effect in conjunction with these expected widespread pay adjustments when measures to adjust police conditions could also be taken which might mitigate any adverse effects on police morale.

13. An immediate enquiry at senior level could assess the total relative position of the soldier and the policeman to provide a basis for considered and equitable action. In harmony with the long-standing object of policy, such action should leave the Police in at least a not inferior position to the Army.

[NAA: A452, 1969/5529]

344 CABINET DECISION NO. 40

Canberra, 10 December 1969

CONFIDENTIAL

Submission no. 41—Pay and Conditions of Service of Pacific Islanders and Members of the P/N.G. Division of the R.A.N.¹

Subject to paragraph 2 below, the Cabinet gave approval to the recommendation of the Inter-departmental Committee (see Appendix 'A' to the Submission, Item 1) that there should be an addition to the active pay of all members of the P.I.R. and members of the P/N.G. Division of the R.A.N. (except cadet midshipmen) of an amount of 25 cents per day as a service loading, and agreed that this, and all the other recommendations of the Inter-departmental Committee, should have effect from 5 December 1969.

2. At the same time, it noted advice furnished by the Minister for External Territories and also by the Administrator to the effect that the introduction of the special allowance of 25 cents per day for the P.I.R., without some accompanying action in respect of the relative position of the Police, would give rise to the possibility of serious Police unrest. It therefore decided that there should be a Committee immediately established, at senior level, to look generally into the relativities, as between the P.I.R. and the Police, of allowances and other 'fringe benefits' and to recommend any adjustments in these relativities which it judges, on the evidence, to be warranted. The Cabinet decided further

¹ Document 338.

that the announcement of the special allowance for the P.I.R. should be delayed until it can be accompanied by announcement of the relativities enquiry.

3. It was agreed that the Committee should comprise, from the Territory, the Administrator or his nominee and representatives of the Commissioner of Police, the P.I.R., the Public Service Board and the Department of Labour, and from Canberra, representatives of the Departments of External Territories, Defence and the Treasury.

[NAA: A5869, 41]

345 LETTER, BARNES TO MCMAHON¹

Canberra, 10 December 1969

On 22nd August, 1969, your predecessor wrote to me regarding the Papua and New Guinea House of Assembly's resolution on West Irian.²

While I accept the method of transmission in that case, that is to accompany the resolution with a note which dissociates its expression of views from those of the Australian Government, I question whether the Government should always dissociate itself from a resolution being sent to the United Nations in the terms suggested in this case. It would seem preferable to use a neutral form common to all cases which makes it clear that the resolution comes from the House of Assembly and is not necessarily in accordance with the views of the Government; but without giving any indication of whether it has specific Government support or not.

For the future, when the House may wish to express its opinion on foreign affairs, I agree it is desirable to try to encourage the development of the procedure you set out so that the House of Assembly transmits its views to the Australian Government only. To bring this about in practice will depend on the co-operation of the House of Assembly itself and I shall take what steps I can towards achieving this end but can give no assurance that this view will be acceptable to the House.

[NAA: A1838, 936/4/11 part 2]

1 McMahon had replaced Freeth on 12 November 1969.

2 Document 308. See also Document 315.

Bougainville: legal challenge by indigenes

In October 1968, DOET received news that the PNG Public Solicitor, acting on behalf of indigenes, was considering a legal challenge to the validity of the Territory's Mining Ordinance.¹ He had indicated that the ordinance might be contested on the grounds that it infringed the provisions of the federal constitution. By February 1969, the suit had not been initiated, but the Government had become worried in the face of an accelerating program on Bougainville and the threat of an interim injunction.² Territories cabled the Administration that 'this legal challenge is of first importance and the Minister will shortly have a firm view on whether CRA can safely embark on very large expenditures ... The danger of the present position is that there is nothing to cause the Public Solicitor to hurry in bringing the action on whereas both the Administration and the company will be very seriously put out if it is impossible to proceed because of the threat of an action'.³

The company did nothing to divest Canberra of the view that the situation was perilous. P.H.N. Opas, a CRA legal officer, proposed to DOET that the Administration change the ordinance to put the question of mineral rights beyond doubt.⁴ He also warned that he would advise the company to call off the project even if the chances of a successful challenge were only five per cent.⁵ The Department did not to panic. Ballard counselled his colleagues to be 'careful about being stampeded by C.R.A.', doubting whether Opas would proceed with his threat 'when the chips are down'.⁶ As it stood, the Government had given warranty of title and would be liable if the company were prevented from mining. Indeed, Ballard believed CRA were more concerned about a drop in share price that might accompany a court case.

Having decided to face litigation, Canberra took a tough line. Here, Peter Lalor, the Public Solicitor, became a target. He was told that the Department was aware of a speech he had given criticising the 'application in [PNG] of the doctrine that fixtures go with the land' and it threatened that 'If he were to publicly oppose our legislation he could expect us to use his own address against him'.⁷ Early consideration was given to abolishing his position,⁸ but the final conclusion was that the Minister should reserve the right to discontinue his funding. Hay was instructed that 'the provision of funds for the Public Solicitor to proceed with the Bougainville case beyond the stage of obtaining a preliminary opinion from counsel is a matter requiring authorisation by the Minister'.⁹ Hay objected strenuously to the instruction. In a letter to Barnes, he wrote that he was 'very concerned' because 'the direction gives rise to the impression that the Government is attempting to use financial pressure in order to limit the performance by the Public Solicitor of his official duties'.¹⁰ He continued:

1 Telex 8710, Hay to DOET, 31 October 1968, NAA: A452, 1968/5717.

2 Hay informed Canberra in mid-February of the prospect of an injunction (see letter, Hay to Warwick Smith, 16 February 1969, NAA: A452, 1968/6220).

3 Telex B270/2161, DOET to Administration, 10 February 1969, NAA: A452, 1969/2158.

4 Denoon, *Getting under the skin*, p. 141.

5 Minute, Ballard to Gutman, 21 February 1969, NAA: A452, 1969/2158.

6 loc. cit.

7 Minute, Ballard to Warwick Smith, 21 March 1969, NAA: A452, 1969/2217.

8 Ballard reported to Warwick Smith the view of William Kearney (position unidentified, Department of Law, PNG) that 'in the beginning the Public Solicitor's position was created temporarily and development since then should in any case lead to some re-examination' (minute, Ballard to Warwick Smith, 17 February 1969, NAA: A452, 1969/2160). Ballard also transmitted Kearney's opinion that Lalor was 'irresponsible administratively, an indifferent lawyer but a good advocate'.

9 See telex 288, Warwick Smith to Hay, 25 February 1969, NAA: A452, 1968/5717. Hay was asked to provide the amount already authorised and 'an appropriate recommendation regarding further authorisation'.

10 Letter, Hay to Barnes, 9 April 1969, *ibid*.

The duty statement for the Public Solicitor includes the following:

'Generally advise indigenous persons as to their legal rights and obligations and ways and means of enforcing legal rights.'

The previous Minister for Territories specifically, ... deliberately excluded any limitation of the functions of the Public Solicitor to criminal cases.

There is therefore no doubt in my mind that the only limitation upon the Public Solicitor's duty to engage in legal action on behalf of impecunious persons is that imposed by his own discretion as a responsible officer.

Assuming that the discretion on whether or not to intervene by means of legal proceedings correctly rests with the Public Solicitor; it could be argued that he has to seek authority to engage counsel. This is true. The present practice is that the Public Solicitor seeks authorization from the Secretary for Law. There is a vote ... from which the expenditure could be authorized. The Secretary for Law's authority is based on his delegation of up to \$10,000 pursuant to Treasury Regulations ... The considerations which actuate the Secretary for Law in giving approvals within his delegation for the expenditure of public monies on outside legal assistance are:—

- a) Whether the proposed action has any legal chance of success;*
- b) Whether the result of the action would have any general application in furthering the claims of the class of persons for whom the Public Solicitor acts; and*
- c) The ordinary considerations applying in legal practice including in the Commonwealth Crown Solicitor's Office that in certain cases it is more economical to employ an outside specialist than employ a specialist permanently on a staff.*

The factors set out above cause me to recommend strongly to you that no change be made in the present practice whereby the authorization for the employment of outside counsel rests with the Secretary for Law within his delegation of \$10,000. There is of course no question of the Administration authorizing expenditure of this nature without informing the Department. This too is normal practice.

I appreciate the Government's concern lest action by the Public Solicitor in a given instance be in direct contradiction to the purpose and tenor of Government policy. This possibility is inherent in the appointment and duties of a Public Solicitor. The underlying assumption in the appointment is that the Public Solicitor would act responsibly. If there is reason to doubt this in a given case, then I would agree that the Secretary for Law should not authorize the expenditure of public monies on the engagement of outside legal assistance, and have so directed him. Indeed, the Secretary for Law should be watchful that the Public Solicitor does not exceed the scope of his duties whether or not outside legal assistance is involved. However, the judgement as to whether this is so or not in a given case should, I believe, continue to rest with the Secretary for Law. This is so because he is in the best position to judge. To remove this responsibility from the Secretary for Law would appear (since it will undoubtedly become known) to involve the Government in giving directions or using pressure in a way contrary to its own intentions in setting up the office of Public Solicitor.

In the circumstances I ask that you review the direction to which the Secretary referred ... and leave the procedure for authorizing expenditure up to the limit of \$10,000 as it now stands.

It was left to Warwick Smith to answer—and he was uncompromising. Disregarding the possibility that Hay was disturbed by both the specific incident and a violation of principle, the Secretary commented that the letter 'seems to imply that the Minister's direction related generally to approvals for authorising expenditure by the Public Solicitor', yet the edict related 'solely' to the Bougainville case.¹¹ He asserted that the

11 Letter, Warwick Smith to Hay, 21 April 1969, *ibid*.

possible legal challenge to Bougainville is in a special situation ... because of its importance to the Territory ... The matter has already been to Cabinet once and is of such importance that any major decision must be made by the Government. For this reason the Minister is not prepared to vary his previous direction.

Lalor filed a writ in the Territory's Supreme Court on 8 August, agreeing not to apply for an injunction on condition that discussions or negotiations with CRA and the Administration were without prejudice.¹² The company did not interpret this as a conciliatory gesture. Complaining of the time granted Lalor for the delivery of the statement of claim, Opas remarked to Ballard that 'It seems fairly clear that Lalor's tactics involve keeping the writ on foot without reaching any finality so that he can use it as a bargaining power in any negotiations regarding compensation and occupation fees for land involved in mining tenements'.¹³ 'The presence of this writ', Opas wrote, 'is most embarrassing to the Company in its negotiations with banks from whom large sums are hoped to be borrowed'. He proposed that the tactical rejoinder be that CRA, having joined the Administration as a co-defendant, take out a demurrer because 'this is a method of speedily resolving constitutional challenges in the High Court [of Australia]'. In this way, Opas hoped to have the matter disposed of 'as soon as possible and certainly before Christmas'.

Not all in Government were comfortable with this thrusting urgency. The Solicitor-General, R.J. Ellicott, opposed the demurrer on the grounds that it opened the possibility of having to admit parts of the plaintiff's statement of claims as they related to non-constitutional questions.¹⁴ This, in turn, might complicate the case by necessitating a defence in the Territory on the basis of customary and German law—and Ellicott appeared to believe it might in the long run be quicker to allow a full hearing.¹⁵ But the company was in no mood to slow. The tenor of its approach had earlier been clear when Opas told Mentz that his 'policy was to press the strongest possible line ... and show no compromise or weakness whatsoever'.¹⁶ Therefore, it was decided that Mawby would 'get in touch with the Minister to bring pressure on the Solicitor-General'.¹⁷ Mawby duly spoke to Barnes, who jointly resolved with the Attorney-General, T.E.F. Hughes, that the High Court tactic would proceed.

There were jitters on CRA's side in the fortnight before the case was heard. In late November, Territories was informed that the company's board was to consider the question of 'What happens if the decision goes against us...?', and the Department was asked to provide a contingency plan.¹⁸ Gregory thought CRA might be assured that the Government was 'committed to make the land available ... every effort will be made to pass legislation which will restore the validity of the Ordinances'. However, Ballard instructed that the company be told the Department 'was unable to answer the hypothetical question'.¹⁹ A day later, the company tried again. Espie rang, explaining CRA's anxiety that it might be caught 'on the hop'.²⁰ He said that 'if adequate arrangements are not made quickly [the

12 Telex 6238, Hay to DOET, 8 August 1969, *ibid.*

13 Letter, Opas to Ballard, 18 September 1969, NAA: A452, 1969/3767.

14 Minute, A.C.H. Campbell to Gutman, 17 November 1969, *ibid.*

15 See *loc. cit.* and minute, Ballard to Warwick Smith, 23 October 1969, *ibid.*

16 Minute, Mentz to Warwick Smith, 9 October 1969, *ibid.*

17 Minute, A.C.H. Campbell to Warwick Smith, 17 October 1969, *ibid.*

18 Minute, Gregory to Gutman and Ballard, 27 November 1969, *ibid.*

19 See marginal note by Gregory, 27 November 1969, on *loc. cit.*

20 Minute, Richardson to Ballard, 28 November 1969, *ibid.*

company] could be in a serious financial position if suddenly notified in say—February—that the case had gone against us’. Ballard wrote privately that this was ‘a misconception’ as an adverse finding would result in drawn out hearings on other grounds.²¹

In the end, the hearing was remarkably uncomplicated. The court listened to the plaintiff’s argument, but did not request a defence from the Commonwealth or CRA.²² A clear decision was given in favour of the validity of the mining ordinances.

21 See marginal note by Ballard, 3 December 1969, on loc. cit.

22 Minute, A.C.H. Campbell to Warwick Smith, Ballard, Gutman and Richardson, 10 December 1969, *ibid.*

346 TELEX, HAY TO WARWICK SMITH

Port Moresby, 12 December 1969

10126. CONFIDENTIAL PRIORITY

Gazelle

My assessment of 9th December.¹ Consideration was given here today to desirability of holding special session of House of Assembly to pass legislation which would enable Administration to cope with existing Rabaul situation. Factors taken into account in discussion were:

- (1) Demand by Gazelle Councillors for firm Administration action in preventing further vicious and unprovoked assaults being made on persons going about their lawful business and action to remedy existing situation where law abiding citizens live in fear of serious injury.
- (2) Requests by such persons as delegations of Sepik leaders and Peter Johnson MHA Angoram for Administration to take action to restore order.
- (3) Assessment by Police Commissioner that if additional powers not obtained police strength in Rabaul may need to be stepped up considerably.
- (4) Belief that Rabaul situation could deteriorate at any time to extent that some additional powers would be essential to control it. February 23rd meeting of House would be too late to meet next real emergency in the Gazelle Peninsula.

Additional powers sought would fall short of emergency legislation and would provide powers generally available in Australian states. Whitrod and seclaw² have gone to Rabaul today to assess situation and seclaw will advise precise details of legislation required based on this assessment early tomorrow. A binding over power to enable judges and magistrates to bind over persons likely to commit breaches of the peace and a general search warrant power are considered to be necessary. The feeling here is that the House of Assembly would strongly support this type of legislation and that [as situation]³ in Rabaul is explosive and could deteriorate at any time, it is considered the sooner these powers are obtained the better.

Having regard to drafting requirements and time to assemble members, a meeting could not be held before 5th January 1970 at earliest. Special meeting proposal would need to be cleared with A.E.C. at meeting on 17th December. On balance it is considered here that we should go ahead with preparations for special meeting and submit formal recommendation after the A.E.C. meeting on 17th December. Curtis will be in touch on draft legislation at earliest.⁴

[NAA: A452, 1969/5256]

¹ Document 341.

² That is, the Secretary for Law, L.J. Curtis.

³ Text in original corrupted; text in parenthesis represents an editorial interpretation.

⁴ Hay travelled to Australia shortly after drafting this telex because he was anxious to discuss with Barnes the idea of an emergency session—and, more generally, the ‘incidents in Rabaul had made a very big impression on me and I thought I ought to pass them on to Barnes’. Hay also persuaded the Minister to make an unscheduled visit to PNG (Hay interview, 1973–4, NLA: TRC 121/65, 5:2/20).

347 MEMORANDUM, ADMINISTRATION (HAY) TO DOET

Port Moresby, 13 December 1969

CONFIDENTIAL

Report of the seventh meeting of the House of AssemblyAttached herewith is the report of the seventh meeting of the House of Assembly.¹**Attachment***[matter omitted]*²*Debate on Bills*

Most of the Bills were not controversial and attracted little debate. However, the Land (Underdeveloped Freehold) Bill 1969,³ was debated at some length, and this Bill seems to have re-activated considerable discussion both inside and outside the House, on the topic of expropriation. In the debate, Lussick proposed a fund to take over plantations upon independence, and a method of phasing in local management. Since the House adjourned, Voutas has also advocated a somewhat similar fund and a management training scheme. This legislation was, no doubt, partly responsible for prompting Lussick's subsequent motion calling on the Australian Government to clarify its position on the status of expatriate property at independence.

The introduction of the P.N.G. Development Bank (Amendment) Bill 1969,⁴ was the occasion for an attack by several members of the alleged Government practice of introducing important legislation without notice in the dying stages of meetings. The Department of External Territories was blamed on this occasion, and the fact that the Secretary of the Department was in Port Moresby for a Development Bank meeting at the time, seemed to have added zest to the attack. Mr. Neville was the main speaker and he warned that the House would not pass legislation at such short notice in the future.

Debate on motions

The most important motions were:

S. ROWTON SIMPSON'S REPORT ON LAND⁵

1 The House met between 10 and 21 November.

2 Matter omitted is a list of bills passed and adjourned.

3 The bill was described by Groves as one that 'introduces no new principles or new policy. It is simply designed to make a number of minor drafting amendments and to tidy up the principal Ordinance' (*House of Assembly debates*, 21 August 1969, NLA: Nq 328.952 PAP, p. 1484).

4 The bill gave the Bank the power to 'buy land and to sell it or to lease it to people who wish to develop the land'. Curtis said that 'It is because of the need for development of available land in the Gazelle Peninsula ... that I will be asking the forbearance of the House in passing this Bill through all stages, without its having been circulated for the usual period beforehand' (*ibid.*, 20 November 1969, pp. 2127-8).

5 In June 1969, the Administration had recruited British land tenure expert, Rowton Simpson, to produce a report on the Territory's problems in this regard. The report was detailed and made numerous recommendations including that 'a system of auction of building blocks be considered' (see statement by Grove, *House of Assembly debates*, 26 August 1969, NLA: Nq 328.952 PAP, p. 1561-2).

The debate following the tabling of this report and prior to the motion to take note of it, brought out the fact that most members were in general agreement with Mr. Simpson, and that reservations were held only on a number of relatively minor points e.g. that referring to auctioning of blocks. The report was welcomed by the House, and members will be looking for land policy changes resulting from the report's recommendations.

[*matter omitted*]

WEEDEN REPORT ON EDUCATION⁶

In debating the motion to take note of this report, all speakers spoke in favour of the Committee's findings, with the exception of Wesani Iwoksim,⁷ who felt that Mission teachers' pay was a Mission responsibility. However, most speakers addressed themselves only to the question of equal pay for Mission teachers, and did not display an understanding of the many wide-ranging proposals in the report.

[*matter omitted*]

MR. OALA RARUA'S MOTION ON AN INVESTIGATION INTO A POSSIBLE NATIONAL PENSION SCHEME⁸

All speakers supported this motion. One point made was that without adequate pension provisions, the dissatisfaction of many employees could easily be exploited by radicals looking for grievances as a means of increasing industrial unrest.

MOTION TO TAKE NOTE OF WHITE PAPER ON URBAN LOCAL GOVERNMENT⁹

This motion was debated on 12th, 20th and 21st November. During the debate on the motion that the House take note of the paper, Mr. Chatterton moved his amendment that the House 'support the early introduction of urban local government but considers that the date of introduction in each urban centre should take into consideration the recommendation of the Consultative Committee, provided that the date is not later than 1st January, 1971'. The motion as amended was carried on 21st November.

There were eleven speakers to the motion and amendment. Predictably, Tammur spoke against the introduction of Local Government as it would cause further unrest in Rabaul, and because services were already being provided. Additionally, many town dwellers would not be able to afford the rates. Kaibelt Diria supported Urban Local Government and felt that urban taxes might discourage the urban drift. He blamed Tammur for causing the unrest in the Gazelle Peninsula. Ebia Olewale supported the concept of Urban Local Government as a political education tool and as a possible counter to urban drift. He felt that the Administration was going ahead too fast with the establishment of Urban Councils and should spend more time on informing illiterate town dwellers of what was proposed.

Other speakers included Galloway and Ellis, who delivered explanatory speeches to inform members of what was involved in the Urban Local Government proposals. Chatterton spoke in support of the concept but considered that further time was needed

6 The report was produced by an advisory committee established by Barnes in February. It recommended various measures intended to create a more integrated education system in the Territory (see *This week in the House*, no. 16, 21 November 1969, NAA: A1838, 936/4/11/1).

7 MHA, Upper Sepik open electorate.

8 Oala-Rarua put that the House request the Administration to 'examine the practicability' of such a scheme and table its findings in June 1970 (*House of Assembly debates*, 12 November 1969, NLA: Nq 328.952 PAP, p. 1919).

9 The paper was introduced by Seale and dealt with the introduction of urban local government (*ibid.*, 5 September 1969, p. 1731).

to plan and establish a well developed ward system, and to determine an appropriate law and order role for the Urban Councils.

Voutas supported Chatterton and suggested that additional powers should be given to Urban Councils.

For the most part, members did not show much interest in the debate, mainly because the matter concerned four urban areas. The only interest of rural members was in the effect that Urban Councils might have on urban drift and rural council revenue.

The motion as amended was carried on the voices on Friday 21st November. At that stage members were more interested in hastening the adjournment until February, rather than continuing to debate a subject in which many members had little interest.

GAZELLE COMMISSION OF ENQUIRY¹⁰

Prior to delivering the prepared text on this topic, the Senior Official Member¹¹ moved an amendment to the motion that the House take note of the paper by adding—‘and endorses the Administration’s proposals to support the lawful activities of the Council and to offer the opportunity for consultation with all interested groups in the Gazelle Peninsula.’

Voutas sounded out the Senior Official Member as to whether a further amendment to be moved by Lapun would be acceptable to the Administration. The amendment read —‘and further considers that if the interested groups show that they want a referendum on whether there should be a multi-racial council in the Gazelle Peninsula now, or whether such multi-racial council should be deferred until the people indicate at some future date that they desire it, such a referendum should be taken as soon as possible amongst the Tolai and non-Tolai natives of the area of the present Council, and strictly on the basis of a secret ballot and not otherwise.’

Voutas was later informed that the motion was not acceptable and he did not press it.

The debate attracted a considerable amount of interest and there were more than twenty speakers including two official members and nine speakers from the New Guinea Islands including the three Tolai members.

Tammur was strongly critical of the membership of the Commission, the manner in which it operated and the report generally. He also said that the Council was not validly constituted. Toliman criticised Tammur’s role in the unrest and stated that the majority of Tolais wanted a multi-racial council. Titimur who had previously sided with the Mataungan Association strongly criticised Tammur and fully supported the Council.

Most members supported the motion although Lapun and Lus were inclined to support Tammur’s assessment of the Commission. The majority of members wanted peace restored in the Gazelle Peninsula as quickly as possible, and suggestions to achieve this aim included a more positive approach to land problems; provision of National Institutions, and increased government spending in the Gazelle; further discussions aimed at reaching a compromise between the parties involved in the dispute; a referendum and control of unscrupulous political misfits.

The motion was carried without one dissentient voice.

10 See editorial note ‘Gazelle Peninsula: Government responses to the Connolly Commission, the Mataungan court case and the land issue’.

11 L. W. Johnson.

MR. LAPUN'S MOTION ON DIRECT LEASING OF LAND¹²

All speakers supported this motion, and there seemed to be agreement amongst members that some provision for direct leasing of land would be necessary to stimulate development, and to enable landholders to have some say in the type of development that occurs in their home areas. The hope that such a move would lead to partnerships between native landowners and expatriate entrepreneurs was also expressed. Some indigenous members stated that there was underlying resentment amongst people who had sold their land for what are now regarded as worthless trade goods, and they advocated leasing to enable owners to maintain a continuing interest in their land, and to ensure children were not deprived of their birthright.

[*matter omitted*]

General Comments

PANGU PATI

With the addition of Mr. Langro to Pangu ranks, the Party now has the open support of nine members in the House. Pangu representatives were generally restrained in debate, and there were not the clashes that occurred in the last meeting, when Mr. Kiki's statement on Ministerial Members was an issue.¹³

THE SPEAKER

The Speaker was the subject of one or two minor criticisms during the meeting. On the second day he was asked in a question without notice to relax rules preventing members from working at their desks before formal sessions commenced. The Speaker pointed out that he was merely enforcing a ruling made by the former Speaker and supported by the House Committee. Subsequently the ruling was relaxed to enable members to work at their desks while the House was not formally meeting. A number of members were also critical of the short infrequent periods allotted to adjournment debate, and the Senior Official Member was questioned on this. He replied that this was a matter within the control of the House. Less time than usual was allotted to adjournment debates during the meeting and this was keenly felt, as many members speak only during this period and they welcome this opportunity to outline electorate problems.

The Speaker planned for the House to adjourn from Thursday, 20th November, even if a late sitting was involved on that day. Many members made bookings to return to their electorates on Friday, 21st, although no formal announcement was made. Attendance on 21st was not large and the House finally adjourned through lack of a quorum early on the afternoon of Friday 21st November.

A number of European elected members have been privately critical of the Speaker's alleged Pangu affiliations; his influence on the Chairman of the Committee on Constitutional Development, and his preference for a Presidential System. These members have not hesitated to communicate their attitude to the Speaker to indigenous elected members.

INDEPENDENT GROUP

Mr. Lussick was elected Chairman of Committees on the strength of the Group's vote. Initially the Group had Mr. Casey as nominee but his suitability was questioned, as Casey had played

¹² Lapun called for a report by the Administration into the pros and cons of direct leasing by holders of native land title and of limitations on the Administration's acquisition of land for leasing (*This week in the House*, no. 16, p. 6).

¹³ See footnote 5, Document 321.

such a minor role in the House to date. No European member has contributed less than Casey to debate. In a subsequent pre-selection ballot, Lussick defeated Casey and Dutton (by 24 votes to 21 and 9 respectively). The vote for Casey is believed to be more an anti-Lussick gesture than an indication of a Casey following. Leahy and Chatterton declined nomination.

During the meeting, there was considerable discussion and lobbying on a proposal that the bulk of the Independent Group form themselves into a Party. Mr. Ralph Hunt, President of the N.S.W. Country Party visited Port Moresby at the invitation of the Group. He had talks with Group members on formation and organisation of a Party. A group of M.H.A's has since been formed to continue planning. Leahy, Neville, Lussick and Buchanan are included. The indigenous M.H.A's include Lokoloko, Giregire, Tei Abal and Oala Oala Rarua.

If the proposed Party develops, it will be probably subject to a number of shake-outs in terms of both personalities and platform, before stabilising into a reasonably coherent organisation. It is understood that Pangu Pati welcomes the move as it will enable Pangu attacks to be more specifically directed, particularly if most Ministerial Members belong to the new Party.

The formation of the Party probably arises to some extent from concern of European members at the type of radical statements recently made by Kaputin, and in the past by Maori Kiki and Pangu supporters generally. The majority of indigenous members appear to share the concern of the European members and will probably join the Party with alacrity, although a number such as Arek, Tammur and Olewale, etc., may prefer to remain uncommitted.

MINISTERIAL AND ASSISTANT MINISTERIAL MEMBERS

The Ministerial and Assistant Ministerial Members continued to answer questions and engage in debate with confidence. The general atmosphere of this meeting was quite relaxed, and this was an indication that most members of the House were feeling more at ease in their roles.

Mr. Toliman performed well in a number of debates—particularly those concerning the Gazelle Inquiry, High School Boarding Fees, and the Weeden Report. He is an imposing figure and his addresses in pidgin are very effective.

Mr. Oala Rarua indicated that he had some reservations regarding the efficacy of existing government policy, when speaking in the indigenous participation debate.¹⁴ He felt that the Development Bank and the Business Advisory Service were not achieving their aims, and that we needed to develop methods of operation better suited to the Territory. His speech did not offer much in the way of solutions to the question of increasing indigenous participation, but it highlighted the fact that a fair number of people are not satisfied with the rate of growth of indigenous participation, and they are looking to the Administration to find the answer.

Mr. Oala Rarua has shown other signs of dissatisfaction. Before the November meeting he expressed the view that important documents, such as the Weeden Report and Report of the Gazelle Commission, were not being referred to holders of Ministerial Office in sufficient time for them to study such reports and decide whether or not to support them.

14 Following the request of the House in September 1968 for a report by the Administration on methods of increasing indigenous participation in economic development (see footnote 6, Document 228), Newman made a lengthy statement to the House on 27 June 1969 (*House of Assembly debates*, NLA: Nq 328.952 PAP, pp. 1413–16). Oala-Rarua's response was, inter alia, that the 'various organizations that are really trying their best to bring economic development ... may be failures—nevertheless they are trying'—yet he added that 'It is all very well for us to put down on paper that we are trying to achieve maximum participation of indigenous people, but ... I fail to see how this can be done in the light of present developments ... Those who are in charge of implementing policy need to take heed of the advice of Papuans and New Guineans as to how this local participation should come about' (ibid., 11 November 1969, p. 1897).

INTERPRETATION

The standard of interpretation remained quite poor. It would appear that no major improvement in interpretation can be expected, and that from the viewpoint of members, the only way to have a satisfactory meeting is to utilize pidgin to the utmost.

It is unfortunate that major statements such as the statement on the Gazelle Commission of Inquiry were not made in pidgin, although a written pidgin translation was provided, as so much was lost in the translation. Given this situation, it is highly likely that many members gain a distorted and inadequate impression of proceedings at meetings, and that any recounting of events given back in their electorates would also be inaccurate and confusing.

This problem may have implications in terms of general political education. It seems that in some cases a credibility gap must develop—either between members and their electorate, or the Administration and the electorate (where radio and press reports of proceedings are discounted because of conflict with local members' versions).

OTHER MATTERS

The Public Works Committee flexed its muscles during the meeting, when the Chairman, Mr. Neville, advised the House that the Committee would not approve any further roadwork items until it was provided with information on standards and costs of all Administration roadwork over the past three years. This action was brought about by the Committee's concern at considerable variations in the costs per square foot for various projects—variations which the Committee could not understand unless they implied standards were also varying.

Arek's impartiality as Chairman of the Constitutional Committee was questioned during the meeting by Counsel. Mr. Tei Abal asked Arek in a question without notice whether he was a member or supporter of the Pangu Pati, and whether he favoured a Presidential System for the Territory. The question arose from a report in the 'Canberra Times'. In his reply Arek said that he was independent and not affiliated with Pangu. He did not make any comment on his attitude to a Presidential System. Members of the Committee will continue to watch him carefully during future Committee meetings.

[NAA: A452, 1968/3178]

348 TELEX, HAYES TO PARKINSON

Port Moresby, 15 December 1969¹

10139. SECRET

Following is assessment for week ending 12th December.

- (1) The only day of actual conflict has been Sunday 7th December and events since that date clearly indicate that the situation is extremely critical and could erupt at any moment.
- (2) It now appears that the assaults were not planned at the M.A. Executive meeting held on the morning of 6th December but the possibility remains that, after the incident at Malaguna on 7th December involving the Administrator's party,² Kereku and Tomot put

¹ The telex was dated 17 December in the text, but stamped as received in Territories on the 15th.

² See Document 340.

into action a previously formulated plan which might not have been intended for use until some later date.³

(3) The Administration has taken the initiative by the use of effective police action. Some pro-M.R.C. leaders are believed to be heeding the Administrator's request to the Gazelle Council to hold their supporters in check but there is some doubt as to their ability, or continued desire, to do so. There are numerous reports that the M.R.C. and its supporters are giving serious consideration to initiating retaliatory action.

(4) At the same time reports are being received of M.A. supporters organising themselves into groups with a view to attacking pro-Council supporters' action. Although the M.A. with the exception of Kaputin and Tammur have been arrested,⁴ it has already appointed new and apparently effective leaders to manage the organisation. There is no indication yet that the loss of its leaders has affected the effectiveness of the M.A.

(5) It is considered that the possibility of a clash between the two groups is imminent and very real.

(6) During interviews various M.A. leaders have been emphatic in rejecting suggestions that they have acted on advice from persons other than educated Tolais. Kereku and Rumet's support of the M.A. has not altered its resolve to destroy the M.R.C. and it may be expected to return to this issue as soon as it is able. The M.A. tax collection and non payment of tax to the M.R.C. by the rank and file M.A. supporters still leaves a situation which must be resolved. The urban local government council issue has yet to receive the attention of the M.A.

(7) The more forceful action being taken by the M.A. may be expected to cause the less extreme elements to withdraw their support. There is little doubt however that the hard core of about 2,000 persons will be strengthened in its resolve and remain loyal to the [M.A.].⁵

(8) It can be expected that the M.A. will seek to arouse the sympathy of certain sections of the Australian public. The obvious methods open to them are

- (a) to conceal or confuse the real causes for the incidents of 7th December and
- (b) by publishing their allegations that the Administration did not inform them of the Administrator's visit to the Gazelle Peninsula and this constituted a deliberate

3 Conroy—viewed by Hay as an outstanding judge of indigenous affairs—later gave his opinion that 'there had been preparations going on for a long time for the type of violent incidents which occurred ... on 7th December ... this included the actual allocation of parties to trucks and the areas where they were to operate and the persons they were to do violence to ... This was a long practised deliberate attempt to terrify their opponents and to defy the Administration. Why it happened on the 7th December was no doubt due to [the Administrator's] visit' (Hay interview 1973–4, NLA: TRC 121/65, 7:2/12).

4 Among the Mataungan leadership, Tomot, Rumet and Kereku were arrested after 7 December. Tomot was sentenced to six months' jail with hard labour for assaulting Fenton (telex 10132, Hay to DOET, 12 December 1969, NAA: A452, 1969/4001), while Kereku was given the same sentence for involvement in the assault of Vin Tobaining (telex 10213, Hay to DOET, 23 December 1969, *ibid.*). Rumet received 6 months for attacking Council supporter Herman Taman (see Gazelle situation report, 18 December 1969, NAA: A452, 1969/5256, and Downs, *The Australian Trusteeship*, p. 435). A total of 24 Mataungans were arrested in the period 8–19 December (record of special TIC meeting, 19 December 1969, NAA: A1838, 936/3/15 part 6). The controversy over Quinlivan's position (see editorial note 'Gazelle Peninsula: Government responses to the Connolly Commission, the Mataungan court case and the land issue') arose again in the context of the December prosecutions. On 10 December, DOET wrote to the Administration: 'Here we have a magistrate who has already committed himself to the cause of the Mataungan Association and should not therefore take any of the prosecutions against Mataungan members. We feel that Quinlivan should be transferred to other duties—preferably out of Rabaul—so that there may be reasonable assurance that the law can be enforced through the courts' (telex 11606, NAA: A452, 1969/5256).

5 Text in original corrupted; text in parenthesis represents an editorial interpretation.

attempt to hide from the M.A. that the Administrator was meeting the M.R.C. for further discussions prior to the Kavieng meeting.

(9) The situation in the Gazelle may be expected to remain tense for at least some months to come.

[NAA: A452, 1969/4001]

349 MEMORANDUM, DOET (BALLARD) TO ADMINISTRATION¹

Canberra, 15 December 1969

Constitutional Development Committee—briefing papers

Attached are two copies of the briefing papers² prepared following your conference with the Secretary last week.³ These are being forwarded in draft form on the basis that we assume you will let us have your formal comments at the conclusion of the current meeting of the Committee. We also assume that you will do nothing to prejudice the approach that is being followed.

2. The Minister needs to write to the Prime Minister before his meeting with the Committee members on 2nd February and we would appreciate it if you would let us know any points you feel he would need to raise with the Prime Minister.

Attachment

SERIES: B

PAPER: 1 (FINAL)⁴

PARLIAMENTARY ORGANISATION

UNITARY AND FEDERAL SYSTEMS

(1) The policy of the Government and the Administration is to seek a strong central government within a unitary system.

(2) Experience with federations (e.g. Central Africa and West Indies) not happy.

(3) Basis of federal system is the division of sovereign authority between central and local organs—similarly in a unitary system {of} government local authorities may have additional functions, e.g. the county is the education authority in England. Compare relationships in Australia with those in Northern Ireland.

(4) If a Federation desirable it [is] crucial to decide where the specified powers and where the residual powers lie, e.g. with central or regional authorities.

(5) There is a wide range of federal authorities.

¹ The memorandum was for Johnson's attention.

² On file, a minute is inserted between the covering memorandum and the papers. It is assumed that the papers match those sent to Port Moresby. Referring to papers mentioned in Document 342, the minute comments that the 'only papers in which significant changes were made were Nos. B4 ([para] 5); B5 (5–12); B7 (3); B8 (4) & (5); [and] B9 (6)' (minute, Wheen to Ballard, 11 December 1969, NAA: A452, 1969/3605).

³ See Document 342.

⁴ The word 'draft' is handwritten at page top. All papers below are dated 10 December.

- under the Malaysian situation the federal government can direct the Malay states on all matters except the affairs of the Sultans, religion and Muslim law.
- (6) Government's policy is opposed to the secession of any part of the Territory and federalism based upon the acceptance of sovereignty of states would be inconsistent with this and should be opposed by Official Members.
- (7) The present difficulties with Gazelle Council have a direct bearing on possible regional authority.
- (i) balance needs to be struck between the degree of central control which can be maintained and conferring a degree of local autonomy which could lead to secession
 - (ii) there is scope within the Local Government Ordinance for the exercise of local authority (probably all the local authority which can be sustained without {fragmentation})
- (8) A distinction must be drawn between those nations in which a federation was established well before independence and those established at the time of independence. [matter omitted]⁵

SERIES: B

PAPER: 2 (FINAL)

PARLIAMENTARY ORGANISATION

BI-CAMERAL – UNICAMERAL SYSTEMS

- (1) A second chamber could act as 'house of review'—provide more stable, better balanced and better considered legislation.
- (2) Volatile character of House of Assembly tempered by second chamber.
- (3) Delaying power on legislation—21 day rule does not provide enough cooling off time.
- (4) Second chamber functions—
- (i) provide full and free debate on matters of public interest.
 - (ii) maintain oversight of regulation making power and review subordinate legislation.
 - (iii) a power of veto on private members bills but only power to delay government legislation.
 - (iv) limited authority over finances.
- (5) A second chamber would give a greater opportunity for reflection and taking account of the views of the people through debate and consensus rather than by way of numerical voting as in House of Assembly. Decision making through debate and consensus is more in harmony with Papuans and New Guineans' traditional ways.

⁵ Matter omitted lists nations which had used the federal system.

Nature of second chamber

(6) Envisage directly elected from each of the 18 districts. No educational qualification but substantial residential and possibly age qualification.

(7) Requirement for some official representation in second chamber, e.g. up to 2 nominated officials—however desirable to keep all executive representation in House of Assembly.

Problems posed by establishment of second chamber

(8) A second chamber with power of delay on government legislation could make it more difficult for Government to legislate—gain in speed in a unicameral system could be offset by the passage of inadequately presented and considered legislation.

(9) Extra cost and possible duplication involved.

(10) There is sometimes conflict between Houses in all systems and although not necessarily a bad thing it could create problems in an unsophisticated electorate.

SERIES: B

PAPER: 3 (FINAL)

PARLIAMENTARY ORGANISATION

POSITION OF THE JUDICIARY

(1) Judiciary must be impartial and independent.

(2) Judges should not be removed until they retire at a fixed age.

(3) Some future Committee will no doubt wish to consider best method of appointing Judges in the future to ensure that they are impartial *and* competent.

(4) Similar principles apply to Magistrates.

(5) Some newly independent nations have established a Judicial Services Commission—on the whole it is considered better results are obtained by people who work within the spirit of the Constitution rather than by the setting up of the series of checks and balances involved in a Judicial Services Commission.

SERIES: B

PAPER: 4 (FINAL)

[PARLIAMENTARY ORGANISATION]

RELATIONSHIP OF THE EXECUTIVE TO LEGISLATURE

(1) The Australian Government believes it is fundamental that Ministers who take political decisions must have an electoral base and must be forced from time to time to confront electors in order that they will keep in touch with the attitudes of the electors and develop the knack of finding solutions which are acceptable to public opinion and compatible with good principles of public administration.

- in addition there is a need for the executive to regularly confront the members in the House of Assembly to answer questions and be exposed to public tests of their effectiveness as Ministers—also keeping in touch with public opinion as represented through House.

(2) The basic principle is whether the executive and legislature are to be separate e.g. U.S.A. or whether the executive and legislature are to be interlocked—in neither system does the executive have final power.

- (3) Under Westminster system and parliamentary system in most European countries, authority is vested in a Cabinet rather than in a President—this seems more in harmony with traditional collective responsibility in P.N.G. society.
- (4) Westminster and European Parliamentary systems all involve Parliamentary control of the Executive—if the party holding office controls Parliament there is no conflict.
- (5) Under U.S. Presidential System final executive authority is vested in one man and system rests on principle of separation of the Executive, Legislative and Judicial organs through a system of checks and balances.
- (6) There is no evidence in P.N.G. that there is a substantial group of people (like U.S. Secretaries) who would not stand for political office but would be prepared to accept ministerial appointment.
- (7) Under present system executive chosen from members representing a geographical cross section of Territory—if adopt U.S. system then possibility of executive being drawn from elite in one area or one interest group—academic attainment no guarantee of ministerial wisdom. In both U.S. and Westminster systems executive is responsible to legislature for provision of funds.

ORGANISATION OF THE EXECUTIVE

- (1) Need for a Head of State and sometimes this combined with head of executive (e.g. U.S.A., Kenya, Tanzania).
- (2) Value in collective responsibility of executive (e.g. decisions taken by Cabinet or Cabinet committees) which diminishes the onus on the individual and emphasises decision by consensus—this more in harmony with Territory traditions.
- (3) Selection of executive from among the members of the House of Assembly to be by vote of legislature—use of ministerial Nominations Committee desirable and approaches consensus tradition.
- (4) Organisation of executive where collective responsibility accepted must be a matter for executive itself however allocation of portfolios a matter for the Administrator
 - not a matter for legislature even under Westminster system e.g. establishment of Department of Education and Science.
- (5) The Department has undertaken to prepare for the Administration an appreciation of possible methods of giving executive authority to people who are not elected members of the House. In discussion with the Minister the possibility was canvassed of letting the House itself elect some members to the House so that they could perform ministerial functions while the House wanted them to do so. This particular point is one which will be discussed with the Minister in February.

SERIES: B
PAPER 5 (FINAL)

POSSIBLE DEVELOPMENT WITHIN LIMITS OF PRESENT ACT

- (1) Text of Sections 24 and 25 is as follows:⁶
[*matter omitted*]

⁶ See editorial note 'Changes to the Papua and New Guinea Act'.

- (2) Attached is a copy of the Approved Arrangements.⁷
- (3) Present arrangements do not devolve functions to the extent to which this may be done under the Act.
- (4) Under the present S.25 would be possible to obtain de facto self government—
- (i) would be within the scope of the legislation for Ministerial Members to exercise their functions so that they stand between the Departmental Head and the Administrator.
 - (ii) could establish by convention that the Administrator would act on their advice.
- (5) The Minister's view is that there is room for a gradual {evolving of the convention that the advice of the A.E.C. is accept[ed]}
- (i) starting in the social welfare area
 - (ii) not applying to certain defined area
 - (iii) but with new arrangements for the A.E.C. under which papers are circulated in advance and/or other procedures are adopted for ensuring that there is time for mature consideration by the Ministerial Members.
- (6) The Minister sees no difficulty in increasing the number of Ministerial Members or having Ministerial Members covering the whole field outside the reserved areas.
- (7) When considering the Departments to which Ministerial Members shall be appointed each case should be examined individually i.e. Departments such as Land, Social Development, Transport, (Forests) could go to a Ministerial Member straight away. On the other hand Treasury, D.I.E.S., Law and the Department of the Administrator present special problems.
- (i) under present financial arrangements there could not be a Ministerial Member for Treasury but there are arguments for retaining an Assistant Ministerial Member in this position
 - (ii) D.I.E.S. has special significance with regard to the A.B.C. and newspaper propaganda and should not be handed to a Ministerial Member, but having had an Assistant Ministerial Member before it is probably a bit difficult to backtrack to complete official control
 - (iii) in the case of law a Ministerial Member could be appointed for Corrective Institutions and/or Police.
 - (iv) there should not be a Ministerial Member for the Department of the Administrator although there would seem to be no objection to having one for Local Government within that Department.
- (8) If it is decided to retain an Assistant Ministerial Member for Treasury it might be worthwhile to keep a few more for appointment to Departments which remain reserved.
- (i) in this case it would be desirable to review both the titles of the office and its status and functions to increase the stature of the position.
 - (ii) note that the Army in Port Moresby, without apparent support from Defence, has suggested that there might be a case for an Assistant Ministerial Member. The

⁷ See Document 197.

Department will consider this further but such should not be proposed by the Official Members in discussion in the Select Committee.

(9) It is important that the Select Committee and the House of Assembly fully understand the basic concept of the Ministerial Member system and its relevance to the present financial arrangements

- (i) The Territory has 'representative government' not 'responsible government'
- (ii) 'responsibility' lies in the Minister's responsibility to the Parliament of the Commonwealth and the Minister is fully responsible for all acts of the Admin.
- (iii) Sections 24 and 25 of the PNG Act enable Ministerial Members and Assistant Ministerial Members to take decisions as delegates of and on behalf of the Administrator
- (iv) but responsibility still lies to Parliament for these actions and Official Members are not responsible in the strict sense to the House of Assembly
- (v) as, however, M.M.'s and A.M.M.'s were chosen and removed by the House of Assembly it would be expected that decisions taken by them accord with the views of the House and that advice given and decisions taken by the Minister and the Administrator would then accord with the view of the House.

(10) Present economic development programmes have been established within the framework of the current constitutional structure

- future changes in the constitutional arrangements could necessitate alterations to future economic plans.

(11) An increase in ministerial powers under S.25 should involve some changes in financial arrangements

- if a Minister is wholly responsible for his Department then he must be able to participate effectively in budgetary negotiations.

(12) The Minister sees no specific objections to the idea that the Australian grant could be earmarked for projects which might have difficulty in gaining support from the House of Assembly

- the possibility that particularly the overseas allowance for expatriate Public Servants could be funded in this way was also discussed with the Minister.

(13) The financial dependence of the Territory on Australia is likely to remain for many years yet and it would be directly contrary to Government policy if a demand to move to responsible self-government were to develop because the Ministerial Member system had not evolved to the extent that has been contemplated by Cabinet.

SERIES: B

PAPER : 6 (Final)

PARTY SYSTEM AND ITS RELATION TO THE EXECUTIVE

(1) There is no Government objection to the establishment of political parties which desirably should be national in character.

(2) A problem would arise in the event of a political party securing a majority at the elections—should such party be entitled to fill all ministerial positions or should these be allocated on a pro rata basis?—the possibility that minority groups be given recognition according to proportion of seats held {should be} canvassed.

- (3) Would be large regions unrepresented if a strictly party basis adhered to.
- (4) The Administrator and the Ministerial Nominations Committee consult for the purpose of reaching agreement on a list of elected members to be submitted to the House for appointment to ministerial office
 - (i) the Committee meanwhile discussing likely candidates with Members of the House
 - (ii) it is sought through the Ministerial Nominations Committee to get a balanced, negotiated, agreed arrangement in which the Administrator has a say as well as the House of Assembly.
- (5) Any suggestion that the Ministerial Nominations Committee be abolished or the system revised should be referred for advice.

SERIES: B

PAPER: 7 (Final)

OFFICIAL MEMBERS

- (1) The role of Official Members is to present the views of the Government
 - the Government must ensure that its views are put to the House of Assembly in the way it wants them presented.
- (2) Official Members have no electoral base and need not have a vote for the purpose for which they are in the House of Assembly. This is essentially a matter for Government and not the Select Committee;
- (3) The proposition that the number of Official Members could be reduced to a minimum of three, i.e. one generalist who would also be a member of the A.E.C., the Secretary for Law and the Treasurer—would be acceptable to the Minister
 - (i) changes in the Official Members would be best presented in the Select Committee report as having emanated from the officials themselves and as having Government support
 - (ii) this particular change will have to be mentioned in the Minister's letter to the Prime Minister before the Select Committee meets the Minister in February
 - (iii) administrative arrangements would have to be made which would take into account the work load carried by these officials.
- (4) Official Members should not back stop Ministerial Members on Ministerial Member functions unless it becomes necessary to make a statement of Government policy which the Ministerial Member concerned is unable or unwilling to do.
- (5) If there is to be a second House there would need to be Official Members in it without vote and without portfolio—2 Official Members in second chamber would be required.

SERIES: B

PAPER: 8 (Final)

A.E.C. AND MINISTERIAL SYSTEM

- (1) The Council is the principal instrument of policy for the executive government of the Territory
 - subject to the duty and responsibility of the Administrator acting on behalf of the Australian Government to administer the Territory.

- (2) The Council should become a forum for collective policy formulation by the Administrator and holders of ministerial office.
- (3) The Committee should consider the effectiveness of the Ministerial Member system in achieving these objectives.
- (4) The number of officials on the Council could be reduced to the Administrator and one other.
- (5) It is understood that the Chairman of the Select Committee has asked Ministerial Members, Departmental Heads and Official Members to appear before the Select Committee in connection with the Ministerial Member system and that the Administrator has told officials that they should not communicate but that the Government's views should be conveyed to the Committee by its Official Membership.
 - it seems that there should be no objection to Departmental Heads and other officials attending the Committee to explain how the present system works and to explain Administration policy, but that they should not answer questions seeking their own personal opinion.

SERIES: B

PAPER: 9 (Final)

REGIONAL ELECTORATES

- (1) There should be no discrimination regarding qualifications for elected members of the House of Assembly.
- (2) There is a disproportionate number of expatriate elected members, 11 of whom represent regional electorates.
- (3) House {will} reach the stage after two terms where possible to do without educational qualifications, regional electorates and undue numbers of expatriates.
- (4) The Territory should now move to a House based directly on one man, one vote.
- (5) The Minister considers the establishment of a House of Review to be a desirable development which could facilitate the discarding of regional electorates from House of Assembly.
- (6) A view has been expressed that the best procedure in respect of bicameral legislature is to move the present regional seats into the second chamber.
 - these would then be directly elected as at present but with a {n age qualification and a} residential qualification requiring ...⁸ years residence in the region. The educational qualification would disappear. This seems a satisfactory legislative arrangement but have to bear in mind that cases where speedy legislation was required (e.g. the Development Bill)⁹ have nearly always been at the Government's request and would probably make this impossible.

SERIES: B

PAPER: 10 (Final)

ROLE OF SELECT COMMITTEE

- (1) Committee's role is to examine present constitutional arrangements and make recommendations in its report as to future arrangements.

⁸ Ellipsis in the original.

⁹ See Document 347.

(2) Press reports suggest Arek has complained of the recent changes in the Ministerial Member Arrangements

- Committee obviously has to examine closely the existing Arrangements in order to make future recommendations but this is¹⁰ in no way presumes that the Government is not able to alter current constitutional arrangements in the interim as it sees fit.

(3) The Government looks to the Committee to advise it and the House of Assembly on changes which the majority of the people want—not on views of the Members themselves which may vary from those of the majority of the people.

SERIES: B

PAPER: 11 (Final)

ROLE OF OFFICIAL MEMBERS ON SELECT COMMITTEE

(1) To ensure that the Government's viewpoint is adequately presented, understood and accepted by the Committee as far as they can achieve it.

(2) Elected members are in the House of Assembly as representatives of the Territory electorate and are able to put forward their own views. Official Members are appointed by Commonwealth nomination and represent the Government and the Administration. They should present only the Government's view and they should support Government policy even if they are personally not in agreement.

(3) Promote an understanding by Members of the present constitutional arrangements generally and the Papua and New Guinea Act in particular and the possibility for changes within the terms of the Act.

(4) Seek to ensure that Committee's deliberations are not dominated by any individual or group of Members and that the views of less literate members of the Committee are not swamped.

(5) Make certain that all questions are analysed in sufficient depth and that all Committee members are aware of the implications of any recommendations they make—e.g., the implications of taking a decision means accepting the responsibility if it goes wrong.

(6) Remind Committee that Committee's role is to report to the House on what the people of the Territory want.

(7) To keep the Government informed (through the Administrator and Secretary, Department of External Territories) of the Committee's discussions. In order to do this:

- (i) provide regular reports on proceedings to Administration and Department;
- (ii) provide a full appreciation after each meeting;
- (iii) be briefed before each meeting in¹¹ subjects which are likely to arise (this is the point at which Official Members own ideas should be debated).

(8) If items arise for which Official Members have no instructions they should arrange deferment until they have relevant instructions.

SERIES: B

PAPER: 12 (Final)

¹⁰ This word appears to be superfluous.

¹¹ This word should probably read 'on'.

BASIC PRESENT POSITION

- (1) Papua is a dependent Territory and New Guinea is a Trust Territory. In both cases the Australian Government is responsible for the Administration and the Government.
- (2) At the present stage of development the Administrator is responsible under the Papua and New Guinea Act for administering the combined Territory on behalf of the Commonwealth.
- (3) This means that he is an Official appointed by the Commonwealth Government to administer the Territory, and subject to legislation by the House of Assembly and to executive decisions by Ministerial Members or the Administrator's Executive Council (within the constitutional arrangements in operation) to give effect to the policies of the Government.
- (4) At the present stage of development legislation by the House of Assembly may be disallowed by the Governor-General (who acts on the Commonwealth Government's advice), but the practice is to exercise this legal power only rarely, on matters of importance to the Commonwealth Government or technical in character.
- (5) Administrative decisions by the Administrator's Executive Council are in the form of advice to the Administrator, who has power to act differently, but in practice follows the advice to the greatest extent practicable.
- (6) Approved arrangements under Sections 24 and 25 of the Papua and New Guinea Act state the powers and functions of Assistant Ministerial Members and Ministerial Members.
- (7) Under the current provisions of the Act it would be possible for Ministerial Members to be responsible for the business of a Department subject to any direction of the Administrator.
- (8) The Department of External Territories has a statutory responsibility to advise the Minister in relation to all the business of the Department.
- (9) Commonwealth Departments operate in the Territory under Commonwealth Acts and are funded directly from the Commonwealth Budget—attached is a list of such Departments.

[*matter omitted*]¹²

SERIES: B

PAPER: 13 (Final)

COMMITTEE MEETING WITH MINISTER IN FEBRUARY

From the Minister's point of view, the object of February's meeting would be to engage in an informal exchange of views and the Minister should not be expected to commit the Government to future policy positions—

- (i) this can only come later in the Committee's work when it has firmed up its own ideas, but before it has committed itself to its report;
- (ii) this approach would not rule out the Committee raising any item it wanted to.

[NAA: A452, 1969/3605]

12 The lists includes the departments of Air, Army, Civil Aviation, Defence, Interior, National Development, Navy, Postmaster-General's, Prime Minister, Shipping and Transport, Treasury, and Works—plus ABC, CSIRO and the Public Service Board. Under 'Instrumentalities on a commercial basis', the attachment cites the Australian Services Canteen Organisation, Commonwealth Development Bank, Commonwealth Savings Bank, Commonwealth Trading Bank, Commonwealth Serum Laboratories, TAA, Qantas, Reserve Bank and Overseas Telecommunications Commission.

The United Nations resolution on PNG, 1969

The General Assembly's 1969 resolution on New Guinea—and the official Australian response to it—provided a departure from the annual round of public acrimony over the Territory. As noted in a DOET press release, the resolution was 'in contrast to the tone of those of the past 3 years, which called for an end to all racial discrimination (1966 and 1967), and for a new House of Assembly election in order to transfer effective power to the people ... together with an early target-date for independence'.¹ Moreover, Australia had voted in favour of the resolution. While the 1969 version reaffirmed earlier resolutions—a clause from which the Australian representative resiled in his explanatory speech—it otherwise simply called for Australia to hand over executive and legislative power 'in accordance with the freely expressed wishes of the peoples' and to 'intensify and accelerate the education and technical and administrative training' of indigenes.² The resolution also requested the Trusteeship Council to appoint non-members of the Council to its periodic visiting missions—and to do so in consultation with Australia and the Committee of Twenty-four.

Australia's relative satisfaction with this outcome had not been matched by optimism during preparations for the vote. The Australian delegation had been anxious in the committee stages when a prolonged tussle developed over the paragraph on future visiting missions. In its groundwork for the Fourth Committee, the Afro-Asian group had approved a draft in which the Assembly decided that the Trusteeship Council and the Committee of Twenty-four would jointly appoint a special visiting mission to Papua and New Guinea 'consisting of members to be selected from the two bodies on the widest geographical representation, for the purpose of obtaining first-hand information on the progress made towards the implementation of [resolution 1514]³ and report thereon'.⁴ This draft was chosen in spite of the objections of Liberia's Fahnwulu Caine, a member of the 1968 UN visiting mission to New Guinea. When the Fourth Committee met, the Afro-Asian draft was distributed at the same time as an amendment by Caine, in which he changed the contentious paragraph to one that 'recommends' to the Trusteeship Council that it 'consider', in consultation with Australia and the Committee of Twenty-four, the inclusion of non-members of the Council in its 'periodic' missions to New Guinea. Ahead of the Committee's consideration, the Australian mission believed the position was invidious:

The United Arab Republic, although it guided the [Afro-Asian] draft through 3 weeks of mendacious and unscrupulous lobbying did not sponsor it ... After this afternoon's meeting, the UAR representatives were peddling copies of the draft, trying to get more sponsors ... [UAR] said that Australia had accepted the formulation in paragraph 5 of the draft resolution, dealing with a special visiting mission. Unfortunately the UAR has this evening and all tomorrow morning to hustle up other sponsors and they will probably succeed in doing so. It is hard for us to counter their mendacious tactics ... So the present position is bad. We will do what we can to get support for the Liberian amendment but we do not think it has much chance of being adopted ... The wording of paragraph 5 is clever. Only a few delegations realize that its intentions are to reduce the position and authority of the Trusteeship Council and put Australia in the position of either accepting a visiting

1 DOET press release, 19 December 1969, NAA: A452, 1969/4973.

2 Resolution 2590, 16 December 1969, in *Yearbook of the United Nations* 1969, New York, 1972, p. 620.

3 See footnote 7, Document 14.

4 Cablegrams 2478 and 2501, UNNY to DEA, 10 December 1969, NAA: A452, 1969/5571.

mission loaded against it or taking the consequences of failing to comply with an Assembly resolution directed specifically against it.

Against expectations, the UAR did not find other sponsors and the original sponsors began to have doubts about persisting.⁵ Thus, the UAR sought a compromise with Australia whereby the substance of Caine's amendment was accepted with deletion of the word 'consider'. The Australian delegation afterward reported to Canberra in more hopeful, if still cautious, terms:

There is good will towards us among some members of the Afro-Asian group, but it is hard to channel it into definite positions, and the moderates lack drive. Our arguments have made some impression on more reasonable delegations. What worries us is that it is so easy for extremists to seize the initiative. But given Caine's strong stand [and the UAR's move] there is a good chance of something reasonable emerging which we can accept. We would not like to go further than that.

Such caution was justified. In a final Afro-Asian meeting, the Kenyan delegate said he would not accept the new draft unless Papua was within the scope of the visiting mission—even though 24 hours before he had indicated that Kenya's sponsorship of the earlier Afro-Asian draft had only happened because the Australian attitude had been misrepresented to him. When the Committee met, the 'picture was a confused one' and the Australians thought it a 'grave possibility' that a change in their position with the introduction of the Kenyan formula would in turn prompt 'somebody like Upper Volta or Togo [to] think that the whole thing was a trick on the part of the administering power and [to] say that the Assembly should use its own authority ... to send a visiting mission of its own'. In the event, Caine simply ignored the Kenyan proposal and put the UAR–Liberia amendment, which was passed by the Committee. Reflecting on the outcome, the Australian mission wrote:

One important consideration is that although we have voted for a resolution reaffirming past Assembly resolutions, all the really objectionable features have disappeared ... [This is the] result of the war of attrition waged between the extremists and moderates over the past three weeks. During this battle, the extremists concentrated on the idea of the Assembly itself sending a visiting mission and in their single-mindedness omitted to make the customary accusations against the Australian Administration.⁶

The Fourth Committee decision was affirmed by the General Assembly on 16 December.

5 Cablegram 2516, UNNY to DEA, 12 December 1969, *ibid.*

6 Text in parenthesis in this quotation is an editorial interpretation of a textual corruption in the original.

350 TELEX, BALLARD TO WARWICK SMITH

Port Moresby, 17 December 1969

UNNUMBERED. CONFIDENTIAL PRIORITY

Minister had three meetings today.¹

1. With Toliman alone.
2. With 11 back-benchers (Fielding, Arek, Uroe, Lussick, Mola, Chatterton, Somare, Middleton, Yuwi, Cecil Abel, Olewale) and Maori Kiki.
3. A.E.C. (Tei Abal, Toliman, Bilas, Kapena, Ashton, Leahy, Lepani Watson and Oala Rarua).

The elected members of the A.E.C. unanimously condemned all activities of the Mataungan Association and were particularly concerned at the precedent for other areas.

Members specifically criticised the part played by Nwokolo and felt that a foreigner should not be allowed to play such a part.² Kapena specifically included Australians in this comment.

In the A.E.C. Bilas and in the second meeting Somare said that there was a special feeling in the Gazelle that the local economy was dominated by Chinese and Europeans to a much greater extent than in other parts of the Territory.

Toliman stressed the need to back the Multi-Racial Council. The offers that had already been made in connexion with land were substantial and should meet real grievances.

The A.E.C. were quite firm in support of present policy. Reports were received from Whitrod, Curtis and Ellis on Gazelle position and although meeting is not over seems clear that there will be no special meeting.³

In the second meeting there was a hankering after an arrangement under with the M.R.C. and the M.A. nominate negotiators to try to reach agreement. There was, however, no respect.⁴ No support for Kaputin and Tammur and even the Pangu group seemed to accept that neither the M.A. nor the M.R.C. were in the mood to accept this text⁵ of arrangement today. There was also agreement that the law must be respected and enforced. A.E.C. meeting continues at 4.00pm but yet to touch the budget.

*[matter omitted]*⁶

[NAA: A452, 1969/5256]

1 For context, see footnote 4, Document 346.

2 Aside from the MRC's accusation that Nwokolo had been involved in the planning of the 7 December attack (see footnote 2, Document 341), there were reports from Rabaul that he had encouraged violence on the basis of its success in Africa (see telex 10100, Hay to DOET, 10 December 1969, NAA: A452, 1969/4001, and telex 6/13, naval base Manus to Department of Navy, Canberra, 13 December 1969, *ibid.*). It is unclear if the AEC was aware of these reports.

3 Presumably, a reference to the proposed special meeting of the House of Assembly (see Document 346).

4 The meaning of this sentence is unclear. It perhaps results from corrupt transmission and may be combined with the following sentence to read: 'There was, however, no support for ...'.

5 This should perhaps read 'type'.

6 Matter omitted indicates that more of the message remained to be transmitted. A subsequent telex—which appears to be the remnant—reads in part: '[The] A.E.C. meeting [was] enlivened with some criticism of [the]

351 TELEX, HAY TO WARWICK SMITH

Port Moresby, 18 December 1969

1760. CONFIDENTIAL IMMEDIATE

Curtis has advised as follows in respect of tax rules under Local Government Ordinance.¹ Gazelle Council tax rule for 1969/70 has not come into operation due to defect in the publication of the rule. This conclusion almost certainly applies to all tax rules for all councils for years 67/68, 68/69 and 69/70 although Curtis says he would need to sight text of each rule to make sure. He has not yet had time to do this. Because tax rule not yet in operation no legal liability to pay tax exists and hence no offence of failure to pay tax. Legal reasons for these conclusions set out briefly in paragraph three below.

2. In light of this we have to consider what steps are open. As I see it following possibilities exist.

(a) to make no disclosure of our knowledge of this point and allow councils to continue to prosecute tax defaulters. Curtis sees difficulty in doing this since courts regard it as duty of prosecutor to place all relevant facts before court that are known to prosecutor even though unfavourable to prosecution case. It is relevant to this point that the prosecution in the Tammur case is being handled by crown prosecutor.²

(b) to advise councils to withhold tax prosecutions until position is rectified by validating legislation. Curtis will advise further on scope of possible validating legislation.

3. Legal reasoning is briefly as follows. Section 47 of Local Government Ordinance requires rules to be published in local government gazette. This section also requires that rules come into operation on date of publication or such other date as is specified in the rule. Form of tax rule is that rule contains clause stating that it comes into operation on date of publication or two months after making of rule whichever is the later. Requirement as to publication is also governed by Statutory Instruments (Publication) Ordinance by virtue of which gazette notice of making of rule and specifying place where copy of rule

university. It was then agreed not to have [a] special meeting of the House of Assembly' (unnumbered telex, Ballard to Warwick Smith, 17 December 1969, NAA: A452, 1969/5256). After the meeting, Barnes stated publicly that he was in 'full agreement' with the desire of the AEC to enforce the law so that 'actions on the part of the Mataungan Association might [not] have a bad effect on stability elsewhere in the Territory'. He said 'there were fundamental principles which the government was not prepared to see abandoned'—such as the right of lawfully elected Council members to conduct business without fear and for individuals to vote without intimidation. It was understandable that some 'may not wish their institutions ... to be exact replicas of those in Australia', but the MA's leadership had condoned bloodshed and 'challenged the good faith of the Australian government at a time when increasing resources from Australia were being allocated to a national development programme for the Territory'. He said the Government aimed at acceptance of the local government system by those opposed 'once respect for the law was re-established' (ibid.).

1 As noted by the TIC, Hay's telex was despatched as the MRC was 'going ahead with a determined campaign of legal action against tax defaulters and against people breaking other tax rules ... 187 tax warrants and 111 tax summonses were ready for execution on 17th December. It was intended to commence service of these on 18th December' (record of special TIC meeting, 19 December 1969, NAA: A1838, 936/3/15 part 6).

2 Tammur had been charged with tax evasion. He appeared in court on 16 December and his case was adjourned until 28 January 1970 (telex 10143, Hay to DOET, 16 December 1969, NAA: A452, 1969/4001). Warwick Smith was agitated by the timing of Tammur's summons, telling Hay that the matter should have been referred to Canberra—though, in fact, the MRC had taken the action unilaterally (Hay interview, 1973–4, NLA: TRC 121/65, 5:2/18–9).

can be bought is deemed to be publication. Since October 1966 all that has appeared in local government gazette is notice of making rule but no notice of place where copy of rule may be bought. The legal result is that there has been no effective publication of the rule in the gazette and hence rule has not come into force according to commencement provision in rule. There may be further point that publication of a rule in the gazette is a necessary step in the making of the rule so that failure to comply means that the rule is invalid. This has not yet been explored since it is unnecessary to do so in the case of tax rules but may be a vital consideration in the matter of the validity of all other council rules made since October 1966. These other rules have not yet been examined for commencing date provisions to ascertain whether they are on all fours with the tax rules in that respect.

4. If validating legislation contemplated I think that this should be done as soon as possible at a special meeting of the House of Assembly. I am giving further thought to what steps we should take.

[NAA: A452, 1969/5256]

352 BRIEF BY HAY FOR BARNES

Port Moresby, 18 December 1969

Points for use in talks with Kaputin¹ Friday 19 December 1969

1. He has virtually rejected the normal, western principles of bringing about change peacefully. He has told me he does not believe statements by the Australian government that the destiny of Papua and New Guinea is to become a self-governing Territory developed for independence if and when the majority of the people clearly demonstrate that that is their wish. He also seems to be rejecting, at any rate so far as the Tolais are concerned, the principles of one man one vote and majority rule. There is thus very little common ground between him and the Administration on which to build a compromise on the future of local government in the Gazelle.
2. His conclusion is that therefore the Administration, and the older generation of Tolais, must give way to him completely, *now*, or else there will be bloodshed, for which the Administration must take all the blame.
3. His only compromise suggestion has been the 'two Councils' proposal. In effect this means that the present Council and the Mataungan Association should both be legally authorized to perform all Council functions, and to receive taxes from their supporters, in the same area, with co-ordination effected by joint committees for education, roads, etc. The proposal is on practical and constitutional grounds not acceptable. Kaputin has shown

1 Kaputin and Tammur had addressed a crowd in Rabul on 16 December, the day of Tammur's appearance in court (see footnote 2, Document 351). Kaputin's speech 'was inflammatory and he exhorted the people to fight for their own type of government ... He claimed that he would expose Government lies and wrongs in [scheduled] discussions with [the] Minister ... in Brisbane' (telex 10143, Hay to DOET, 16 December 1969, NAA: A452, 1969/4001).

no disposition even to listen to the other kind of approach envisaged in Mr. Johnson's statement in the House dated 13th November.²

4. Kaputin has few positive ideas. Looked at in the most sympathetic way, he has a burning wish for the Tolais to do something for themselves without European help. Because he cannot find what to do, he is blaming the Administration and the older generation for his own frustration. He sees violence and revolution and the gaining of power in the Gazelle as the only current way out.

5. In these circumstances, it seems important for you to try to get through to him (he is a bad listener) the following points:

(a) The government means what it says in its policy statements about economic development and political advancement;

(b) There is ample scope for effecting change by peaceful means. The Mataungan Association could become, for example, a political party, or it could become an economic organization. But this must take place within the framework of the law. The Council must be recognized unless and until its membership is changed by democratic means at the next election.

(c) To insist on the Mataungan Association having its own way without taking part in an election is arrogant. He has claimed majority support but he is unwilling to submit to the normal democratic test of a secret ballot. His views are negative. Why does he not think out a positive policy that will appeal to an electorate ?

(d) His present statements, and the Mataungan Association actions, will have disastrous economic effects. The Tolais need industry to utilize their manpower. He is driving away those who would set up new industries in order to satisfy his personal political aims.

{(e) The immediate aim should be to ensure that the land which is becoming available in the Kerevat area [is] put into the hands of people—

(a) who most need it;

(b) can use it best.

(f) Atmosphere of co-operation needed to ensure this happens—at present MA's may be excluded}

6. From the Territory point of view, it is important that Kaputin come away with a clear impression of what has been said to him, and that in any press statement this aspect be emphasized. We will hope to make very full use of such a statement in the Territory. I hope that the statement will not be drafted so that Kaputin can claim he gained some advantage for himself or the Mataungan Association from his meeting. He will be looking for this and would be able to turn to his advantage, for instance, any list of what in fact the government and the Administration are doing on land matters, outstanding court hearings, new schools, etc.

[NAA: A452, 1969/5256]

² See footnote 1, Document 333.

353 NOTES OF DISCUSSION BETWEEN BARNES AND KAPUTIN

Brisbane, 19 December 1969

Mr Kaputin started by saying that the Multi-Racial Council means that the Territory is leading to political independence in a multi-racial situation. He said that on the 3rd June, 1967 Tobunbun proposed a referendum on the multi-racial concept. This was rejected in the Council on the advice of the Adviser on the grounds that it was costing too much. Then in May 1969 the Council resolved against the Multi-Racial Council. On May 30th Kaputin was a member of the delegation which went to see the Administrator;¹ then came the election.

On 1st July there was confrontation between the Administrator and the Tolai people.² On the 14th November there was another march of some 7,000 people³ and the members of the Mataungan Association closed the Council Chambers and offices.⁴

‘Three weeks ago we had talks with the Multi-Racial Council and the Administration but we failed to reach any conclusion. At this stage we suggested the establishment of two councils. My people have suffered unnecessarily in the past. Policies determined in Canberra have not involved my people.’

Two councils proposal

Kaputin said that the Tolai people were divided into two groups. They had proposed a referendum but this had been turned down. (Ballard referred to Johnson’s statement in connection with referendum).⁵ Kaputin continued—‘People don’t trust the secret ballot any more; how would the supporters of the Multi-Racial Council feel if they lost the referendum?’

The Minister gave a brief explanation of the principles of the democratic system. Kaputin replied that people will take a long time to accept this sort of thing and they need changes quicker than this. ‘I think we should let the Multi-Racial Council carry on. I respect their ideas but we want to be able to make our own decisions.’

Minister—We operate through a democratically elected House of Assembly.

Kaputin—We have fallen back in our development because most of the educated Tolais have been sent through the whole Territory. The sufferer has been our own economic development.

Minister—We are perfectly willing to meet you and help you in economic development.

Kaputin—I can see the reason for the Administration helping us with land but unless you can solve the problems of the majority you won’t get very far. There are resources within the Gazelle Peninsula which we can see the need to develop. Tolais have decreasing respect for the white people; we need some of our educated people to come back to help in our own villages. We would like ourselves to—

1 A delegation of pro-Mataungan Tolais attempted to see Hay in late May, but in his absence were met by Johnson (see letter, Hay to Warwick Smith, 5 June 1969, NAA: A452, 1969/2889).

2 See footnote 2, Document 309.

3 See editorial note ‘Gazelle Peninsula: Government responses to the Connolly commission, the Mataungan court case and the land issue’.

4 Presumably a reference to the 1 September incident during which the Council keys were seized (see Document 310).

5 See footnote 1, Document 333.

- (1) deal with our land problems
- (2) assist business ventures
- (3) improve coconuts on native land

I am suggesting that we could do these things if we had our own council.

Minister—You can do all these things now. We are doing all we [can]⁶ to get co-operatives going.

Kaputin—Co-operative movement in the Gazelle fell flat 15 years ago.

Minister—Why is it succeeding everywhere else and failing in the Gazelle Peninsula?

Kaputin—The economic development programme is for the benefit of foreigners.

Minister—How would you get \$60 for every man, woman and child without Australia's assistance?

Kaputin—I agree with this but if we had utilised it differently there might have been a different situation today. We need our own native economy so we don't have to rely on your people all the time. By engaging themselves the people get something for themselves. When they have done this they can accept your concept of democracy. I don't agree that the struggle is for political power between old and young; we also have old people in the Mataungan Association and there are some young people on the Multi-Racial Council. I don't know what you see as a solution—you can imprison us.

The Minister said that it was necessary to start with respect for the law and recognition of the will of the majority of the people.

Kaputin replied—'I respect the law if it takes account of what I want, I have no respect for it if it takes no account of the wishes of my people'.

Kaputin then implied that Australia was administering Papua and New Guinea in the interests of the Caucasians and the Chinese. The Minister said that Papua New Guinea is a financial drain on Australia and that it has no defence significance. 'We administer the Territory in the interests of the majority of the people, not just the Europeans, but if they want us to go we will go immediately'.

The Minister asked Kaputin whether he held any office in the Mataungan Association, but he said he did not, but had come down in a purely private capacity.

In answer to a question by the Minister Kaputin said the Mataungan Association had no objection to Sepiks and other natives on the Council, only the Chinese and Europeans.

Kaputin then asked the Minister what solution had been put to him. The Minister replied by saying 'why did the Mataungans boycott the elections?'

Kaputin—We are fighting against established institutions. Where does the majority lie?

Minister—Only the ballot box will show.

Kaputin—We can't stop people taking action.

Minister—I will oppose minorities trying to impose their will by violence.

Kaputin—You can only stop violence by what we can do for ourselves.

Minister—At the expense of peaceful people?

Kaputin—Maybe there is reason for violence; we can only decide this ourselves.

⁶ Word missing here in the original.

Minister—Are the people not ready for democracy?

Kaputin—We are not wanting to throw out the Multi-Racial Council; they can stay on. It is wrong to accuse the Mataungan Association of being racist, they only fear domination and are not prepared to sit at table with Chinese and Europeans. I want to see Europeans stay on. There is a need in this country for capital and we can only safeguard their position by looking after the interests of the native people. I don't think you are right in saying that Australia has no interest of its own in being in Papua New Guinea. We don't have to expropriate so long as my people are involved in ownership and participation in economic development. We only own about 10% of our country's economy; this may mean that we have to resort to expropriation.

Minister—This is how development of all countries takes place. The local content just goes up as it has in Australia, but unity comes first.

Kaputin—That is for us to accomplish. Some day people will have to understand what they have been led to believe. There is no reason why the plantations should not be taken over, my people work them now. The land on these plantations was our property. The companies have recouped their investments and we are not able to do this ourselves.

Minister—The steps taken for subdivision of Matanatar and Ravalien show a fair way of going about the problem of the plantations. The great problem of Papua and New Guinea is its productions compete with the products from other countries with a low standard of living. We would be dishonest if wages in Papua New Guinea were tied to circumstances in Australia. They must be related to your own economy. It is things like C.R.A. which will raise your people above the standards which can be reached from primary products.

Kaputin—I don't think I remember saying I was accusing you of dishonesty. All I was saying was that our programme for economic development could be expressed in a different way.

Minister—Did you come down to put any specific proposal?

Kaputin—No; only to let you know the views of my people.

The Minister concluded by stressing the need for the rule of law and that violence could not be countenanced.

Kaputin commented—'I can only do my part to show them how to get something for themselves.'

[NAA: A452, 1969/5256]

354 TELEX, HAY TO WARWICK SMITH

Port Moresby, 22 December 1969

1828. CONFIDENTIAL PERSONAL IMMEDIATE

1. Your 11975.¹ On present advice all tax rules of all councils for years 1967/68, 1968/69 and 1969/70 are invalid, and probably all other council rules for the same period are

¹ 19 December, from Warwick Smith to Hay in response to Document 318. Warwick Smith cabled that Attorney-General's were 'pretty confident Curtis's view is the correct one with respect to defective procedure and inability

invalid. Administration would be gravely remiss in permitting such a situation to continue any longer than is necessary. It affects the revenue raising authority of every council in the Territory because summonses for non-payment will have to be discontinued. It involves the unjustified imprisonment of persons previously found in default.

2. We therefore have no option but to introduce validating legislation at earliest. Only question is whether we should await scheduled meeting of House on 23rd February or call special meeting in first week of January. In relation to Gazelle situation, advantage clearly lies with special meeting. Toliman and councillors are quite unable to reconcile themselves to M.A. getting off charges on what they regard as legal technicalities. They would lose faith in us if, knowing of the technical default, we did not remedy it straight away. If, for instance, we held off acting until Tammur's lawyer discovered the defect and used it to get him acquitted, or even if we revealed the defect and had to wait for two months before correcting it and bringing M.A. defaulters to court, this would be a major defeat for the Council. More generally, while the Administration must expect criticism for permitting the defect to go unnoticed for so long, the matter is one of national importance because it affects the legal status of a basic activity of every council in the Territory.

3. I see some side benefits in the special meeting. It will enable the Administration to present a comprehensive statement of recent events in the Gazelle and put a positive slant on our future intentions. We can also foreshadow later strengthening of the law. It will expose Oscar Tammur to very strong pressure on the tax issue itself. It may bring to light a tendency revealed in the meeting which the Minister had on Thursday with private members, for the House to involve itself in bringing the Council and the M.A. together.² Ballard will no doubt have mentioned that there seemed to be general support for the House initiating and even participating in some kind of mediation. I would myself welcome such an initiative at an appropriate time against a background of the strong reaction of individual members against M.A. acts of violence.

4. Our conclusion therefore, after much deliberation on alternatives, is that we should seek to have a special meeting for the week beginning 5th January, to last probably two days. This will make the best of a situation that at best is an embarrassing one. I should like to emphasize that the Administration cannot expect, and does not wish, the Minister to bale it out by any public or private statement of support. All we ask is his concurrence to the course of action now proposed. Any announcement should be made here (naturally, in agreed terms), and any criticism should be directed here.

5. The procedure, since the House is in mid-session, would be to ask the Speaker to bring forward the date to, say, 8th January, with the object of a short meeting limited to validating legislation, to a minor amendment to the offences section of the local government ordinance and to a statement on Rabaul. If the speaker concurred, notice could be sent out on, say, 29th December, with accompanying drafts of legislation. We would seek specific concurrence of A.E.C. members individually.

to sustain prosecution'. He continued: 'Validation in respect of payments already made appears necessary and of course that validation would take care also of liability to pay tax on the part of those who have not already paid. It may well be that validating legislation should catch up liability for taxes 1969/70 as well as 1968/69 (and earlier years also). Consider special session inadvisable and not really practicable in political terms and difference [in] time-saving hardly worth it. Glad [of] your views so that [the] Minister may consider appropriate action especially having in mind probable heavy loss of face by [the] Administration' (NAA: A452, 1969/5256).

2 See Document 350.

6. Please place the text of this telex before the Minister.³

[NAA: A452, 1969/5256]

355 LETTER, HAY TO WARWICK SMITH

Port Moresby, 23 December 1969

CONFIDENTIAL

I refer to your letter A.109 of 7th August¹ and to a letter on your file 68/3943 dated 3rd November and signed by Mr. Besley.²

I have been giving a good deal of further thought to the best organisation of intelligence machinery in the Territory in the light of your letters and in the light of a subsequent further report from Mr. Barbour, of which Mr. Besley will have a copy.³

3 Administration perceptions of the security situation on the Gazelle were progressively more positive toward the end of the month. On 19 December, the TIC assessed that the 'situation ... remains tense but quiet. Decisive action by the Administration appears to have contained the situation and prevented further violence ... There is an ever present danger, however, of isolated incidents occurring between pro-Council and M.A. elements' (record of special TIC meeting, NAA: A1838, 936/3/15 part 6). On 31 December, Hay reported to DOET that the 'Situation has remained quiet' (telex 10253, NAA: A452, 1969/4001).

1 Document 306.

2 Document 327.

3 Barbour had sent to Hay a formal report of his August visit to PNG, copied to Besley (for earlier verbal observations on the visit, see footnote 2, Document 327). He identified five problems 'urgently in need of attention': '(i) the recruitment of indigenous personnel; (ii) the appointment of sufficient suitable staff; (iii) the scope of the Branch's intelligence role; (iv) the collection of intelligence in the field and reporting to Headquarters; (v) the co-operation between the Branch and the Administration ... As to (i) there were some indigenous officers and cadet officers appointed prior to December, 1968. These apparently all proved totally unsuitable. There appears to be little likelihood of obtaining suitable indigenous officers and men to staff the Branch in the future from the ranks of the R.P.N.G.C. ... As to (ii) there has been no change since my 1968 visit [see Document 186] in the prospect of appointing suitable European officers from the P.P.N.G.C. ... The Branch urgently needs officers to extend its representation into more Districts and to staff its headquarters for the preparation of intelligence reports and analyses ... As to (iii) the absence of clearly visible "threats to security" seems to have created uncertainty in the Administration as to the *extent* to which Special Branch should participate in the general field of intelligence reporting and analysis. This has resulted in tentative considerations of the need for *another* intelligence apparatus, especially since the importance of *intelligence* has begun to be better appreciated in the Administration. It appears to me that it is the *limited definition of security* which causes the confusion. A broader interpretation would overcome this problem. It would not be difficult to accept that the sort of intelligence we are talking about is required for "national security" purposes. This partly prompted me to suggest in my 1968 report that the title of Head of Special Branch might be changed to "Director of Security and Intelligence". In any case, I would suggest for consideration that the functions of the Branch be developed to embrace intelligence collection in the wide sense. There seems to be a clear need for this in the Territory and it would resolve problems of duplication and parallel reporting which have been developing. The gaps in the intelligence apparatus which the J.I.C. and the Administration have been identifying could be simply filled by allotting this role to the Special Branch. It may be appropriate to change the title to "Intelligence Branch" ... If this course were adopted, the problems at (iv) above would be overcome ... As to (v), it is likely that clarification of (iii) would bring about a better appreciation of the Branch as the Territory's own (and only) security/intelligence organisation ... If, on the other hand, it is decided that a civilian organisation provides better prospects for overcoming some of these problems, then I would support the proposals submitted by Mr. Besley to the informal meetings convened by Mr. Furlonger [see footnote 3, Document 327]' (attachments to letter, Barbour to Besley, 15 December 1969, NAA: A452, 1968/3943). Besley subsequently commented to Ballard: 'I feel strongly that Whitrod must be in charge' (marginal note, 16 December 1969, on loc. cit.).

So far as internal organisation is concerned, my mind now runs towards a single unit which will be an integral part of the future government of the Territory and which should have localisation as one of its early aims. I am not, however, yet in a position to give you my more detailed views. The fact is that there is as yet some difference of opinion within the Administration which I am anxious to resolve by further discussion on the question of administration, direction and exact function of a single intelligence body. I hope to have further discussions on this with Departmental Officers later in January before returning from leave.

So far as the T.I.C. is concerned, it is true that under the present system, officials who have no direct responsibility for administering the Territory take part in making assessments of internal developments and that normal reports as well as assessments have a wide circulation within and without the government. It is also true that up till now the Commonwealth authorities, e.g. the Army, have not placed before the T.I.C. their own reports on, for example, the morale and discipline of the Army, although these are of considerable importance as part of the overall security situation in the Territory.

If the Minister decides that, for the reasons stated in your letter, the T.I.C. should be abolished or modified, I would see no difficulty in principle in preparing adequate reports for the Minister within the Administration. My own inclination, however, is against modifying the present system beyond what is necessary to avoid including in the T.I.C. reports information for which there is no justification on a need-to-know basis. Given the serious lack of trained staff, the intelligence process is in my view best regarded as a joint effort by Administration and other Commonwealth authorities in the Territory. The safeguard against the inclusion in T.I.C. reports of matter which is appropriate only for the Minister and Department of External Territories lies in the T.I.C. Chairman being alert to the Minister's wishes in this matter and ensuring that they are observed.

If the decision is that the T.I.C. should continue, then I have the following comments:

- (a) The T.I.C. would be basically an Australian-staffed body serving an Australian interest. Its staff would be Australian and its files for Australian eyes only. It would, as a body, be moved in due course to Australia⁴ to an eventual High Commissioner's office.
- (b) The Chairman should be a senior Administration officer, available full-time for intelligence duties.
- (c) The members of the Committee should be persons without operational or policy responsibilities. They should include the Head of the Intelligence Branch, senior officers, at a level below that of Departmental Head or equivalent, of the Division of District Administration, Police and Army, and the ASIO representative, and such representatives from Australia (e.g. External Affairs and External Territories) as are decided upon. Administration representatives should, in terms of security and numbers, be such as to ensure that Administration views are effectively presented in reports and assessments.
- (d) There should be a T.I.C. staff which would prepare drafts of reports and assessments for the T.I.C. on the basis of evaluated material provided by the Intelligence Branch. The staff would have access to other material, including material from service and ASIO sources, at the discretion of the Chairman, T.I.C. Its work

4 The word 'or' should perhaps have been inserted here.

would be directed by the Chairman. Given that the T.I.C. organisation will not be part of the apparatus of the Territory after independence, and given the shortage of trained staff in the Administration, it is probably best that the T.I.C. staff include a nucleus of trained officers from Australia, from the services or ASIO, as well as D.D.A. and other Territory departments.

(e) The T.I.C. should prepare regular reports of main internal developments, and such special assessments as are requested by the Administrator. It would not have the job of reporting on or reviewing the state of the Territory as a whole, that would be for the Administrator, with the Minister informing the government as he thinks fit.

[NAA: A452, 1968/3943]

356 MEMORANDUM, ADMINISTRATION (JOHNSON) TO DOET

Port Moresby, 23 December 1969

Meetings of the Constitutional Committee December 15th to 19th

Please find attached a report of the meetings of the Constitutional Committee held during the week beginning December 15th.¹ You will note that not a great deal was done at the meetings due to lack of initiative on the Chairman's part and on the part of the members of the Committee. If any worthwhile results are to be achieved, initiatives may need to be taken by the Official Members. I would be glad of your views on this matter.

Attachment

[*matter missing*]²

questions for him to ask witnesses.

6. The witnesses favoured a reduction in the number of Official Members in the House but were adamant that those remaining retain the right to vote. Mr Roy Ashton favoured having 10 Official Members but these were to include indigenous public servants.

7. The witnesses believed that the office of Assistant Ministerial Member should be abolished and that the number of Ministerial Members should be increased. All believed that they were given every opportunity to carry out their functions and that their advice was sought on policy matters. In the A.E.C., they stated that they did initiate some discussions and that their views did influence policy. All thought that some type of qualification in literacy was necessary but disagreed with a formal educational qualification.

8. Witnesses were divided as to whether all Ministers should be in the A.E.C. (cabinet) or not. Mr. Ashton believed that the A.E.C. was an excellent training ground for Ministers and all should be members of it for this reason alone.

9. The witnesses expressed grave fears that they would not be re-elected and as a result, much valuable political training would be lost to this young developing country.

¹ The report was written by Littler and dated 22 December.

² Page one of the attachment has not been found.

They claim their duties prevent them from touring their electorates and visiting their constituents. They asked that the Committee take note of this and the Committee moved a motion that ways and means be sought to present the Assistant and Ministerial Members to their electorates.

10. The witnesses believed that an executive officer/secretary would assist them greatly in their duties especially in the explanation of documents and the answering of correspondence.

11. The Committee expressed the wish to meet a number of people during their visit to Canberra in February. Besides the Minister, they wish to see the Prime Minister, Attorney-General, the Minister for External Affairs, the leaders of the Country Party, Australian Labor Party and the Democratic Labor Party, Professor Davidson, Sir John Crawford³ and Mr. Justice Kerr.

12. The Committee did not discuss subjects to be covered when in Canberra and it is thought that the discussions will be of a very general nature.

13. It is thought that the Chairman, Mr. Paulus Arek, may be in contact with a group of academics in Australia who will wish to arrange a seminar or meeting with the Committee when it visits Canberra.

14. The meeting came to a close before the Official Members could express the Government's view on the Assistant and Ministerial Member system.

15. The Committee decided to tour the Territory in March/April to meet the people. It appointed a Sub-Committee to prepare an itinerary. The Sub-Committee [is] to consult with District Commissioners and Elected Members.

16. The Committee did not complete its programme for the meeting and as yet its members do not realise that much greater personal effort must be made if the Committee is to cover its programme.

17. It is too early to give a true assessment of the Committee but at present it is conservative in outlook and appears to be adopting a 'go slow' policy in regard to initiating any changes.⁴

[NAA: A452, 1969/5484]

3 Vice-Chancellor, ANU.

4 Territories objected to the Committee's request to meet senior Ministers. Warwick Smith telexed Johnson: 'It is not usual in Australian Government practice for a group of Ministers to be brought into discussions with some other group such as the Select Committee ... unless and until clear cut issues have been defined and the Government has had an opportunity to consider its attitude towards those issues ... the discussions in Canberra ... [in] February would enable the Committee to sound out the Minister ... on a variety of issues and would enable him to understand the line of thought on the part of the members of the Committee. This would be a suitable preparatory step before the Committee took its soundings of the people of Papua and New Guinea which will be a pretty extended operation and indeed it might be necessary for the Committee to formulate some fairly clear approaches to different issues before it could take those soundings' (31 December 1969, NAA: A452, 1969/5484).

357 MEMORANDUM, ADMINISTRATION (JOHNSON) TO DOET

Port Moresby, 24 December 1969

Constitutional Development committee—briefing papers

I refer to your 69/3605 in which you ask for our view on points the Minister may need to raise with the Prime Minister.¹

It is difficult to anticipate what might be regarded as matters of important Australian Government policy and what might be considered to be of only internal administrative significance to be resolved by the Minister. In general terms I presume that the Prime Minister would want to be informed on any proposals which would involve the changing nature of the constitutional relationship between Australia and Papua – New Guinea and he would also be sensitive to areas where decisions might attract adverse publicity. I set out below some of the issues which seem to me to fall into either of these categories:

- 1) What would be the possible Australian position on local control of the budget, e.g. at what proportionate division of funds could local control be considered?

Would the Australian Government consider a proposition whereby there was local control of the allocation of budget funds, with perhaps local fund raising being supplemented by a modest Australian grant, while the bulk of the Australian assistance was tied to specific projects?

Would the Australian Government consider the funding of the overseas allowance for expatriate officers from the Australian budget or by a tied grant?

- 2) Would the Australian Government have any views on whether parliamentary system in Papua – New Guinea should be bicameral or unicameral, federal or unitary? These appear to me to be internal in character, but the Prime Minister might be interested in expressing a point of view.

- 3) Would the Australian Government be prepared to accept some Ministerial appointments from those not directly elected to a parliament, e.g. appointments from outside of the House, appointment from among a number of members who might be indirectly elected to the House, or by some other means of indirect election?

- 4) What would be the Australian Government's attitude should a majority political party emerge in Papua – New Guinea, determined to use its numbers to dominate Ministerial appointments and to reject Administration proposals contrary to the party's political platform?

- 5) Would the Prime Minister have a view on the extension of powers to Ministerial Members and in particular the relationship of Ministerial Members or Assistant Ministerial Members to Departments at present reserved?

- 6) The proposals for the diminution of numbers and of voting rights of official members might be of interest.

- 7) I think the extension of powers of the Administrator's Executive Council to give formal advice in an increasing range of policy areas is a significant step towards internal self-government. I believe that the Prime Minister's attention should be drawn to this.

[NAA: A452, 1969/5484]

¹ Document 349.

Appendixes

Biographical guide

Note—entries on government officials do not include a departmental ascription when the official is from the Department of Territories/External Territories. Similarly, both politicians and representatives abroad are to be taken as Australian unless indicated otherwise;

—every effort has been made to make this guide comprehensive, but some entries remain incomplete while others have been omitted for lack of information. A particular problem was encountered with a number of Territories officials due to the unavailability of detailed Territories personnel records.

Abal, Tei	MHA, Wabag open electorate; member, Guise Select Committee on Constitutional Development; MM, Agriculture, Stock and Fisheries from June 1968; member, Arek Select Committee on Constitutional Development from June 1969
Abe, Dirona	MHA, Rigo–Abau open electorate; Under-Secretary, Public Health; member, Guise Select Committee on Constitutional Development
Abel, Cecil	Lecturer, Administrative College, Port Moresby; member, Pangu Pati from June 1967; MHA, Milne Bay regional electorate from March 1968
Aga Khan, Prince Sadruddin	UN High Commissioner for Refugees
Ahrens, F.L.	Assistant Secretary, Economic Policy Branch; later Assistant Secretary, Economic Policy and Research Branch
Aitchison, T.G.	First Assistant Director, DDA
Anderson, H.D.	Assistant Secretary, South East Asia Branch, DEA
Arek, Paulus	MHA, Ijivitari open electorate; Chairman, Select Committee on Constitutional Development from June 1969
Ashton, O.I.	MHA, West and East New Britain regional electorate; MM, Public Works from June 1968
Ashwin, C.R.	Acting Head, Malaysia and Indonesia Section, DEA, 1966–7; Head, Defence Policy Planning Section, DEA, 1967–8
Ballard, J.O.	Assistant Secretary, Government Branch; later Assistant Secretary, Political Affairs Branch; thereafter Assistant Secretary, Political and Legal Affairs Branch; from late 1969, First Assistant Secretary, Government and Legal Affairs Division
Barbour, Peter	Deputy Director General, ASIO
Barnes, C.E.	Minister for Territories to 28 February 1968; thereafter Minister for External Territories
Barrett, Donald	MHA, West Gazelle special electorate to March 1968; columnist for <i>South Pacific Post</i> and <i>Post-Courier</i>

Beazley, K.E.	ALP Member for Freemantle; Vice Chairman, Joint Parliamentary Committee on Foreign Affairs from August 1967
Bele, Raphael	Rorovana leader and political activist
Besley, M.A.	First Assistant Secretary, Central Secretariat Division
Bilas, Angmai	MHA, Mabuso open electorate; MM, Trade and Industry from June 1968
Blakers, G.E.	Deputy Secretary, Defence
Bland, Sir Henry	Secretary, Department of Labour and National Service to 1967; Secretary, Defence from January 1968
Bokap, Daniel	MHA, Kavieng open electorate
Bomai, Ninkama	MHA, Gumine open electorate
Booker, M.R.	First Assistant Secretary, Division 2, DEA
Bourchier, M.G.M.	Head, Malaysia and Indonesia Section, DEA
Bowen, N.H.	Attorney-General
Brennan, K.G.	Senior Assistant Secretary, Management Services Branch, DEA
Brokam, Nicholas	MHA, New Ireland open electorate; Under-Secretary for Assistant Administrator (Economic Affairs); founding member, Pangu Pati; member, Guise Select Committee on Constitutional Development
Brooks, Angie	Assistant Secretary of State, Liberia; Liberian delegate to the UN General Assembly
Brown, Ken	Deputy District Commissioner, Bougainville; later DDA liaison officer on PNG/Irian border issues
Buchanan, Dennis	MHA, Eastern Highlands regional electorate
Bunting, Sir John	Secretary, PMD to March 1968; thereafter Secretary, Cabinet Office
Burgess, J.R.	Malaysia and Indonesia Section, DEA
Caine, A.F.	Member, UN visiting mission to PNG, 1968; Liberian delegate to the UN General Assembly
Campbell, Brigadier E.F.	Consultant psychologist for PNG Administration
Casey, N.M.	MHA, Kainantu open electorate
Casey, R.G. (Lord Casey)	Governor-General
Chambers, E.A.C.	Arbitration consultant to PNG Administration
Cleland, Sir Donald M.	Administrator of PNG to 8 January 1967; thereafter private resident, PNG
Chatterton, Percy	MHA, Central special electorate to March 1968; thereafter MHA, Moresby open electorate
Cole, R.R.	Police Commissioner, PNG
Coles, G.J.L.	Southern Political Section, UN Branch, DEA
Comans, C.K.	First Assistant Parliamentary Draftsman, AG's

Connolly, P.D.	President, Australian Law Council; head, commission of enquiry, Gazelle Peninsula, 1969
Conroy, W.L.	Director, Department of Agriculture, Stock and Fisheries, PNG
Copas, Virgil	Roman Catholic Bishop of Port Moresby
Curtis, L.J.	Secretary for Law, PNG
Davidson, J.W.	Professor of Pacific History, ANU
Davis, O.L.	Assistant Secretary, JIC
Diria, Kaibelt	MHA, Minj open electorate to March 1968; thereafter MHA, Wahgi open electorate; AMM, Local Government from June 1968
Deane, R.P.	Assistant Secretary, Economic Policy Branch, PMD
Doig, W.T.	Acting Head (Head from December 1966), UN Branch, DEA
Downs, I.F.G.	MHA, Highlands special electorate and member, Administrator's Council to March 1968; member, Guise Select Committee on Constitutional Development
Dutton, Warren	MHA, North Fly open electorate
Eastman, Nathaniel	Member, UN visiting mission to PNG, 1965; Second Secretary, Permanent Mission of Liberia to the UN, New York
Edhie, Brigadier-General Sarwo	Military Commander, West Irian
Ellis, T.W.	Official MHA; Director, DDA to July 1969; thereafter Secretary, Department of the Administrator
Emanuel, E.J.	Deputy District Commissioner, Rabaul
Enrici, Dominic	Roman Catholic Apostolic Delegate for Australia and Oceania
Epstein, T.S.	Anthropologist, ANU; consultant, Connolly commission of enquiry, 1969
Espie, F.F.	General Manager, Industrial Division, CRA to June 1967; thereafter Director, Bougainville Copper Pty Ltd
Erskine, A.C.	Assistant Commissioner of Police (Special Branch), PNG
Eupu, Eric	MHA, Popondetta open electorate; Under-Secretary, Lands, Surveys and Mines; member, Guise Select Committee on Constitutional Development
Evennett, Norman	MHA, Esa'ala open electorate
Ewens, J.Q.	Parliamentary Draftsman, AG's
Fairhall, Allen	Minister for Defence
Fenbury, D.M.	Secretary, Administrator's Department until July 1969; thereafter Secretary, Department of Social Development and Home Affairs
Fenton, P.J.	District Officer, Rabaul
Fielding, W.J.	MHA, Northern regional electorate
Foley, S.M.	District Commissioner, Chimbu; official MHA from May 1968

Fraser, J.M.	Minister for the Army until February 1968; Minister for Defence from November 1969
Furlonger, R.W.	Director, Joint Intelligence Organisation
Galloway, R.T.	District Commissioner, Central; official MHA from May 1968
Galvin, P.J.	OIC, International Relations Section
Giregire, Sinake	MHA, Goroka open electorate and Under-Secretary for Assistant Administrator (Services) to March 1968; member, Guise Select Committee on Constitutional Development; MHA, Daulo open electorate from March 1968; MM, Posts and Telegraphs from June 1968; member, Arek Select Committee on Constitutional Development from June 1969
Goava, Sinaka	Student, Administrative College, Port Moresby; member, 'group of 13'
Goodman, R.J.	Head, IBRD mission to PNG, 1967; Director, East Asia and Pacific Department, IBRD
Gorton, J.G.	Senator for Victoria to February 1968; Acting Minister for External Affairs, 1966–7; Minister for Works until February 1967; Minister for Education and Science December 1966 – February 1968; Prime Minister from January 1968
Gregory, J.B.	OIC, Mining Projects Section
Griffith, A.T.	Assistant Secretary, External Relations and Defence Branch, PMD
Grove, D.S.	Director, Department of Lands, Surveys and Mines, PNG; official MHA from May 1968
Guise, J.D.	MHA, Milne Bay open electorate and Under-Secretary, Information and Extension Services, to March 1968; Chairman, Select Committee on Constitutional Development, 1965–7; founding member, Pangu Pati; MHA, Alotau open electorate from March 1968; Speaker, House of Assembly from June 1968
Gunther, J. T.	Official MHA and Assistant Administrator (Services); member, Guise Select Committee on Constitutional Development, May – Nov 1965
Gutman, G.O.	First Assistant Secretary, Economic Affairs Division
Hamadi	Irianese exile, PNG; member, Papuan National Front
Hannett, Leo	Student activist, UPNG
Hasluck, P.M.C.	Minister for Territories 1951–1963; Minister for External Affairs 1964 – February 1969
Hastings, Peter	Asia and PNG correspondent, <i>Australian</i> newspaper; executive officer, Council on New Guinea Affairs and editor, <i>New Guinea</i>
Hay, D.O.	Administrator-designate, PNG, from July 1966; Administrator from January 1967
Hayes, B.B.	Administrator's Department; Executive Officer, TIC; later Chairman, TIC

Henderson, F.C.	Official MHA; Director, Department of Agriculture, Stock and Fisheries, PNG until June 1966; thereafter Assistant Administrator (Economic Affairs)
Hoehne, John	Roman Catholic Bishop of Rabaul
Holloway, Barry	MHA, Kainantu open electorate; founding member, Pangu Pati; member, Guise Select Committee on Constitutional Development
Holt, H.E.	Prime Minister, January 1966 – December 1967
Hopper, A.A.	President, Rabaul Chamber of Commerce
Hunter, Brigadier I.M.	Commander, PNG Command, Australian Army
Iuri, Poio	MHA, Lagaip open electorate
Jockel, G.A.	First Assistant Secretary, Division 1, DEA to March 1969; thereafter Ambassador to Indonesia
Johnson, L.W.	Official MHA; member, Guise Select Committee on Constitutional Development; Director of Education, PNG to June 1966; thereafter Assistant Administrator (Services); official member, Arek Select Committee on Constitutional Development from June 1969
Johnson, P.G.	MHA, Angoram open electorate
Jouwe, Nicolaas	Chairman, Freedom Committee for West Irian
Kaisiepo, Frans	Governor of West Irian
Kaisiepo, Marcus	Chairman, Papuan National Front
Kakun, Mangobing	MHA, Munya open electorate
Kambipi, Traimya	MHA, Kompiam–Baiyer open electorate
Kapena, Toua	Chairman, Port Moresby Local Government Council; MHA, Hiri open electorate from March 1968; MM, Labour from June 1968
Kaputin, John	Manager, Gazelle Savings and Loan League; leader, Mataungan Association
Karava, Ehava	MHA, Lakekamu open electorate
Kelloway, Paul	Assistant Secretary, Special Projects Branch
Kenu, Wegra	MHA, Upper Sepik open electorate; member, Guise Select Committee on Constitutional Development; founding member, Pangu Pati
Kereku, Damien	School teacher; Chairman, Mataungan Association
Kerr, A.G.	Senior Investigation Officer (Acting OIC from February 1969; OIC from May 1969), Justice and Ordinances Section to July 1969; thereafter Acting OIC, Government and Constitutional Section
Kerr, Justice J.R.	Judge, Commonwealth Industrial Court and Australian Capital Territory Supreme Court
Kiki, Albert Maori	Patrol officer, DDA to June 1967; thereafter Secretary–Treasurer, Pangu Pati
King, H.F.	Director, CRA Exploration

Kirkpatrick, E.R.	Acting OIC, Government and Constitutional Section
Kosasih, Major-General R.A.	Indonesian Ambassador to Australia
Kurondo, Siwi	MHA, Kerowagi open electorate; AMM, Forests from June 1968
Lalor, W.A. ('Peter')	Public Solicitor, PNG
Langro, J.P.	MHA, West Sepik regional electorate; AMM, Information and Extension Services, June 1968 – September 1969
Lapun, Paul	MHA, Bougainville open electorate to March 1968; member, Guise Select Committee on Constitutional Development; MHA, South Bougainville open electorate from March 1968; founding member, Pangu Pati
Leahy, T.J.	MHA, Markham open electorate from March 1968; non-ministerial member, AEC from June 1968; member, Arek Select Committee on Constitutional Development from June 1969
Legge, J.L.	Defence Liaison Officer
Lemay, Leo	Vicar Apostolic, Northern Solomon Islands
Littler, G.C.	District Inspector, DDA; official MHA from May 1968; official member, Arek Select Committee on Constitutional Development from June 1969
Lokoloko, Tore	MHA, Kerema open electorate from March 1968; MM, Public Health from June 1968
Loveday, H.M.	Ambassador to Indonesia
Lue, J.A.	MHA, Bougainville regional electorate from March 1968; AMM, Technical Education and Training from June 1968
Lus, Pita	MHA, Dreikikir open electorate to March 1968; founding member, Pangu Pati; MHA, Maprik open electorate from March 1968
Lussick, W.A.	MHA, Manus and New Ireland regional electorate; member, Arek Select Committee on Constitutional Development from June 1969
Lynch, C.J.	Legislative Draughtsman, Department of Law, PNG
Lynch, P.R.	Minister for Army
McCarthy, J.K.	Official MHA and Director, DDA; official member, Guise Select Committee
McCasker, A.W.	Economic Adviser, PNG
McDonald, C.E.	Dependent Territories Section, UN Branch, DEA
McEwen, John	Minister for Trade and Industry
McKillop, F.R.	Owner, Arawa plantation, Bougainville
McKinnon, James	Founder, People's Progress Party (later All Peoples Party), July 1967; MHA, Middle Ramu open electorate from March 1968
McMahon, William	Treasurer to November 1969; thereafter Minister for External Affairs
Mahoney, D.	Roman Catholic priest, Deomori Mission, Bougainville

Malecela, J.W.S.	Permanent Representative of Tanzania, UN, New York; Chairman, UN Committee of Twenty-four
Malik, Adam	Foreign Minister of Indonesia
Maloat, Paliau	MHA, Manus open electorate; founding member, Pangu Pati
Maneke, John	MHA, Talasea open electorate
Mano, Koitaga	MHA, Ialibu open electorate until March 1968; thereafter MHA, Kandep–Tambul open electorate
Matthews, L.G.	Public Service Arbitrator, PNG
Mawby, Maurice	Chairman, CRA
Meanggarum, James	MHA, Ramu open electorate to March 1968; thereafter MHA, Bogia open electorate; founding member, Pangu Pati; resigned from Pangu, November 1968
Melo, Tambu	MHA, Kutubu open electorate
Mentz, Don	Assistant Secretary, Economic Policy and Research Branch
Menzies, R.G.	Prime Minister to January 1966
Mestiri, Mahmoud	Permanent Representative of Tunisia, UN, New York; Chairman, UN Committee of Twenty-four
Middlemiss, Barry	Political activist, Bougainville
Middleton, J.M.	MHA, Sumkar open electorate; member, Arek Select Committee on Constitutional Development from June 1969
Mirau, Gaudi	MHA, Markham open electorate
Mola, Donatus	MHA, North Bougainville open electorate; member, Arek Select Committee on Constitutional Development from June 1969
Morrison, C.R.	Executive officer, Arek Select Committee on Constitutional Development
Munro, D.J.	First Assistant Secretary, Economic Division, PMD;
Neville, R.T.D.	MHA, West Papua special electorate to March 1968; thereafter MHA, South Highlands regional electorate
Newby, L.R.	Director, DIES
Newman, A.P.J.	Official MHA; Treasurer, PNG
Niall, H.L.R.	MHA, North Markham special electorate; speaker, House of Assembly
Nombri, J.K.	Student, Administrative College, Port Moresby; member, group of 13; joint chairman, Pangu Pati, from June 1967
Nugintz, Mek	MHA, Mul–Dei open electorate
Oala-Rarua, Oala	President, Port Moresby Workers' Association; member, group of 13; joint chairman, Pangu Pati from June 1967; expelled from Pangu, August 1967; MHA, Central regional electorate from March 1968; AMM, Treasury from June 1968; member, Arek Select Committee on Constitutional Development from June 1969

Olewale, N.E.	Founding member, Pangu Pati; MHA, South Fly open electorate from March 1968; member, Arek Select Committee on Constitutional Development from June 1969
Opas, P.H.N.	Group Legal Officer, CRA
Opperman, Hubert	Minister for Immigration
Ortiz Sanz, Fernando	UN representative for West Irian
Osborn, R.F.	Assistant Secretary, South East Asia Branch, DEA
Pangial, Momei	MHA, Mendi open electorate
Parkinson, N.F.	Assistant Secretary, JIC
Parrish, D.J.	Secretary for Labour, PNG
Pearsall, S.J.	Assistant Secretary, Secretariat Services, Administrator's Department
Petherbridge, J.D.	Head, Political Affairs Section, UN Branch, DEA
Pita, Simongen	MHA, Wewak–Aitape open electorate; Under-Secretary, Police; member, Guise Select Committee on Constitutional Development
Plimsoll, Sir James	Secretary, DEA
Poyser, L.G.	First Assistant Secretary, Defence Planning, Defence
Quinlivan, P.J.	District magistrate, Rabaul
Rachmat, Basuki	Indonesian Minister for Internal Affairs
Randall, Sir Richard	Deputy Secretary, Treasury, to October 1966; thereafter Secretary, Treasury
Reseigh, C.E.	Assistant Secretary, Social and General Services Branch; later Assistant Secretary, Social and Community Affairs Branch
Richardson, A.W.	Assistant Secretary, Trade and Industry Branch; later Assistant Secretary, Mining Projects Branch
Ritchie, J.E.	Acting Treasurer, PNG, and Director of Finance, PNG Treasury
Rogers, K.H.	Minister, Australian Mission, UN, New York
Rose, R.K.H.	OIC, Information Section; thereafter OIC, International Relations Section to late 1967
Rumet, Daniel	Deputy Chairman, Mataungan Association
Sarwom, Benedictus	Irianese exile, PNG; member, Papuan National Front
Scragg, R.F.R.	Director of Public Health, PNG; official MHA until May 1968; member, Guise Select Committee on Constitutional Development during Johnson's absence
Seale, H.P.	District Commissioner, Lae; official MHA from May 1968
Shann, K.C.O.	First Assistant Secretary, Division 3, DEA
Sharp, D.G.	Military Attaché, Djakarta
Shaw, Patrick	Permanent Representative, UN, New York

Sheekey, D.P.	Director, Security and Intelligence, PNG
Sinclair, A.J.M.	Consultant psychiatrist to PNG Administration
Singiliong, Meck	MHA, Finschhafen open electorate from March 1968; AMM, Rural Development from June 1968
Smart, W.B.P.	Clerk, House of Assembly
Smith, J.G.	President, Public Service Association, PNG
Smith, R.J.	Dependent Territories Section, DEA
Snedden, B.M.	Attorney-General
Soeharto	President of Indonesia
Somare, M.T.	Officer, DIES until 1968; member, group of 13; joint chairman, Pangu Pati, from June 1967; MHA, East Sepik regional electorate from March 1968; parliamentary leader, Pangu Pati, from June 1968; member, Arek Select Committee on Constitutional Development from June 1969
Somers, G.D.S.	Public Service Commissioner, PNG
Spry, Brigadier C.C.F.	Director General, ASIO
Starey, J.M.	Acting Head, Malaysia and Indonesia Section, DEA
Stuntz, J.R.	MHA, East Papua special electorate; member, Administrator's Council; member, Guise Select Committee on Constitutional Development
Swift, R.S.	First Assistant Secretary, Government and Social Division; during 1966 promoted to Deputy Secretary
Tabua, Robert	MHA, Fly River open electorate; Under-Secretary, Public Works
Tammur, Oscar	Leader, Raniola squatters, September 1967; MHA, Kokopo open electorate from March 1968; President, Mataungan Association from mid-1969
Thant, U	Secretary-General, UN
Tito, Epel	Founding member, Pangu Pati
Tobainig, Vin	Joint chairman, Pangu Pati, to October 1968; thereafter President, Melanesian Independence Front; member, Gazelle Peninsula Local Government Council
Tobunbun, Thomas	Founding member, Pangu Pati 1967; President, Rabaul Workers' Association; Joint Secretary, Melanesian Independence Front 1969
Toliman, Matthias	MHA, Rabaul open electorate and Under-Secretary, Department of the Administrator to March 1968; thereafter MHA, Gazelle open electorate; MM, Education from June 1968; member, Arek Select Committee on Constitutional Development from June 1969
Tomot, Melchior	Assistant Executive Officer, Gazelle Peninsula Local Government Council; Joint Secretary, Melanesian Independence Front from October 1968; by mid-1969 disassociated from these organisations; Secretary, Matangan Association from mid-1969

Toogood, G.W.	Assistant Secretary, International Relations and Internal Affairs, DDA; predecessor of Hayes as chairman, TIC
Turner, H.A.	Arbitration consultant to PNG Administration
Umut, Stoi	MHA, Rai Coast open
Unkles, Gerald	Chairman, Public Service Board, PNG
Urekit, K.M.	MHA, Kandrian–Pomio open electorate
Uroe, N.I.	MHA, Rigo–Abau open electorate
Visser, Adrian	Dutch businessman, Vanimo
Vizard, R.E.	Investigation Officer, Government and Constitutional Section
Voutas, A.C.	MHA, Kaindi open electorate to March 1968; thereafter MHA, Morobe regional electorate; founding member, Pangu Pati
Wabiria, A.A.	MHA, Koroba open electorate; AMM, Lands, Surveys and Mines from June 1968
Walo, Kamona	Student, Administrative College, Port Moresby; member, group of 13
Warwick Smith, G.H.	Secretary, DOT to 28 February 1968; thereafter Secretary, DOET
Watkins, W.W.	Official MHA; Secretary for Law, PNG; member, Guise Select Committee on Constitutional Development
Watson, J.M.C.	Second Secretary (First Secretary from June 1969), Djakarta; DEA liaison officer on PNG/Irian border issues
Watson, Lepani	MHA, Esa'ala Losuia open electorate to March 1968; thereafter MHA, Kula open electorate; AMM, Co-operatives from June 1968
Watts, John	MHA, Western Highlands regional electorate
Wauwe, Yauwe	MHA, Chauve open electorate
Webb, Royce	DDA liaison officer on PNG/Irian border issues
West, H.W.	District Commissioner, East New Britain
White, Bruce	Secretary, Department of the Army
White, David	Journalist, PNG
Whitrod, R.W.	Police Commissioner, PNG
Wood, E.J.	Assistant Secretary, Resources Development Branch
Wood, Ivo	Chief, Division of Mines, Department of Lands, Surveys and Mines, PNG
Woodard, C.G.	Acting Head, Americas and South Pacific Section, DEA
Yeend, G.J.	First Assistant Secretary, Cabinet and External Relations Division, PMD.
Yuwi, Matiabe	MHA, Tari open electorate; member, Arek Select Committee on Constitutional Development from June 1969
Zurecnuoc, Z.M.	MHA, Finschhafen open electorate and Under-Secretary, Treasury

A guide to the records cited in this volume

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561/6/10	Foreign Affairs Committee—reports on Papua & New Guinea
TS666/67/54	Effect on Australia's defence interests of developments in Territory of Papua New Guinea
696/3/3 part 4	The strategic importance of New Guinea
689/1 parts 2–4	Papua and New Guinea—general
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909/8/2 part 3	Papua New Guinea—proposed visit to Papua New Guinea by Committee of Twenty Four
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936/3/3 part 11	Australian reports on Papua New Guinea
936/3/5	Papua New Guinea—ministerial policy statements
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936/3/19 part 1	Papua New Guinea—Representations on Territory of Papua New Guinea
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936/3/24 part 1	Establishment of Australian High Commission in PNG
936/4 part 2–3	United Nations—dependent territories—Papua New Guinea— political situation
936/4/6	Papua New Guinea—opening of House of Assembly

936/4/6/3	Papua New Guinea—House of Assembly Select Committee on Constitutional Development
936/4/11 parts 1–2	Territory of Papua New Guinea—2nd House of Assembly
936/4/11/1	Papua New Guinea —political developments—publication—This week in the House of Assembly
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936/5 parts 2, 4, 6–7	New Guinea—attainment of Self-Government
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936/22/1 part 2	Papua New Guinea—United Nations Development Program—special fund—basic agreement
936/28/1/1	Papua and New Guinea foreign aid—IBRD mission to Papua New Guinea
936/28/1/5	Papua New Guinea—International Bank for Reconstruction and Development mission 1969
936/29 part 3	Papua New Guinea—foreign investment
936/30 part 1	Papua and New Guinea—defence—general
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1577/3/2/1 part 1	Territorial Limits—boundaries of Australia—Queensland—Papua New Guinea boundary
3004/16/1	South East Asia—countries—relations with the Territory of Papua and New Guinea
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3036/14/1 part 5	West Irian—relations with Papua New Guinea—political general
3036/14/1/6 parts 3, 5–8, 10–12, 14–15, 17–18	Netherlands New Guinea—relations with Papua New Guinea—refugees from West Irian
<i>CRS A6364—Printed copies of inward cables [to DEA, Canberra] with 'I' (inward) prefix filed in binders alphabetically by post 1950–73</i>	
JA1966/01S	Jakarta savingsgrams in Nos 2 [14/1/66] to 54 [30/12/66]
JA1969/04	Jakarta cable chrons in Nos 1000 [21/4/66] to 1499 [4/6/66]
<i>CRS A6366—Printed copies of outward cables [from DEA, Canberra] with 'O' (outward) prefix filed in binders alphabetically by post 1950–73</i>	
JA1966/05T	Jakarta cable chrons out Nos 450 [9/5/66] to 899 [22/8/66]
UN 1967/06T	New York UN cable chrons out Nos 500 [7/6/67] to 950 [12/10/67]
UN 1969/05T	New York UN cable chrons out Nos 400 [9/5/69] to 799 [26/8/69]

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1962/8172	Riot by members of Pacific islands Regiment in protest against low wages
1963/2763	Mining (Papua) Ordinance
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n — person/subject is in a footnote, the figure following indicating the footnote number(s)

t — textual reference to a second document (without additional editorial information)—for example, ‘Administrator: documents to, from Coombs, 147*t*’ indicates that a letter from Coombs to the Administrator is mentioned in Document 147 but does not warrant further editorial explanation

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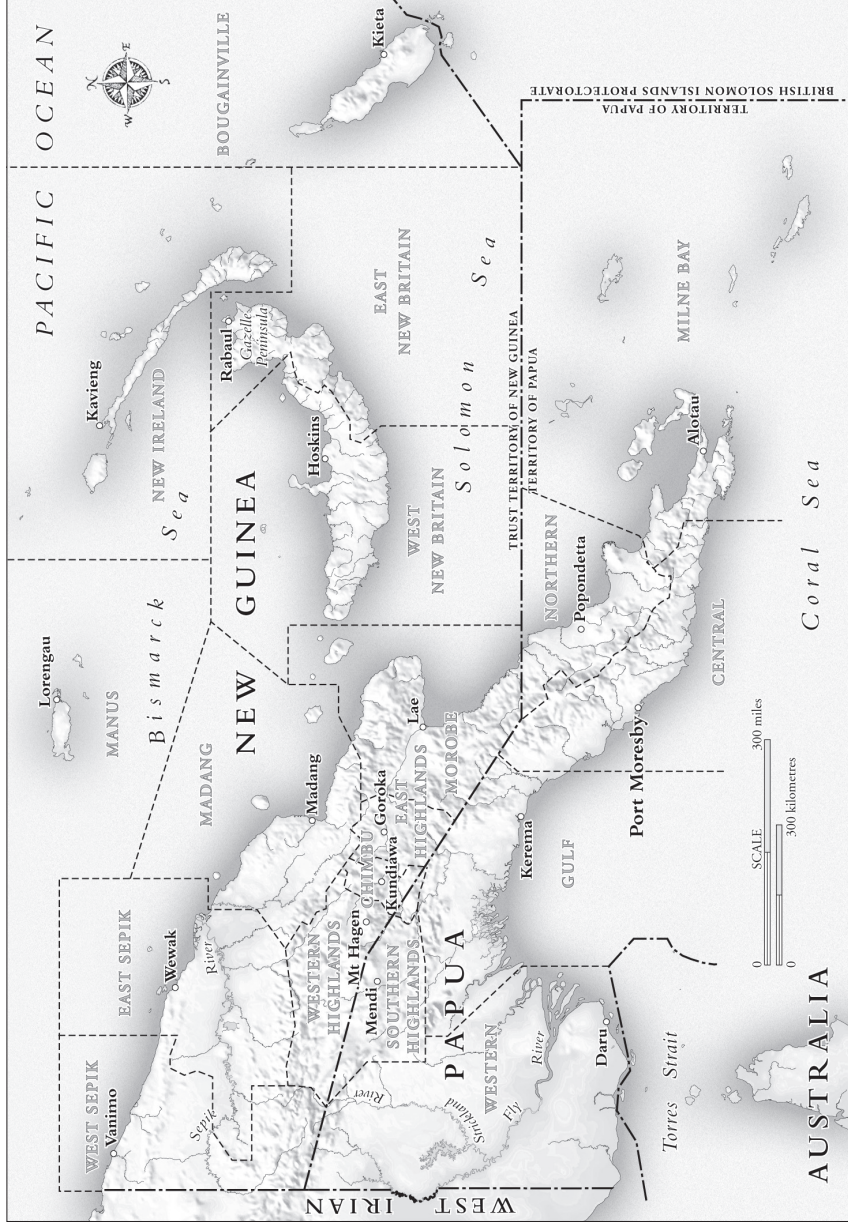
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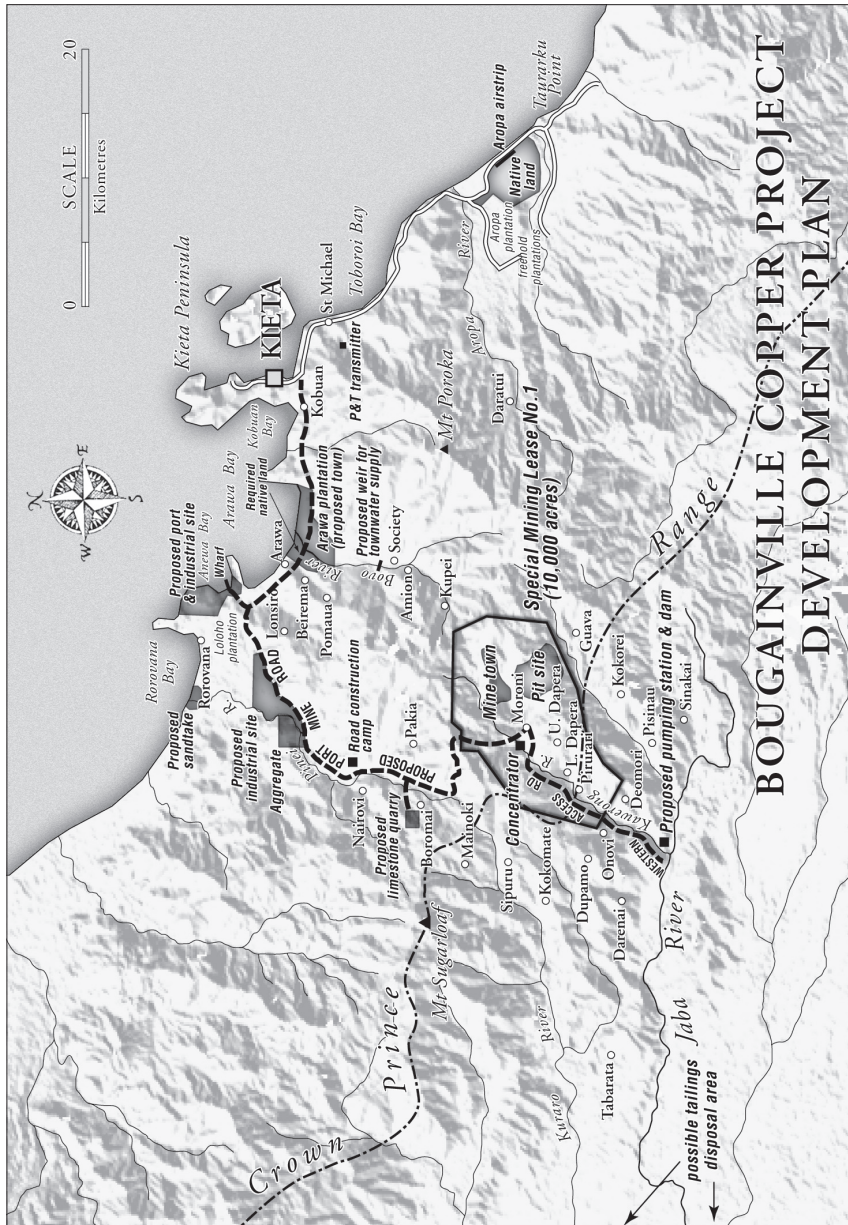
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ISBN 1-921244-00-3



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