The Commission of Inquiry Into Special Agricultural and Business Leases in Papua New Guinea: Fresh Details for the Portrait of a Process of Expropriation

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INTRODUCTION

Papua New Guinea (PNG) possesses a very unusual – probably unique – legal institution whose abuse lies at the heart of current public debate about land grabbing. This institution is commonly known as the lease-leaseback scheme. It was invented in 1979 in order to compensate for the absence of any other legal institution that would enable customary landowners to register titles to their own land. This absence was seen as an obstacle to rural development because 97 percent of PNG’s total land area was still customary land, and the ownership of this land was almost entirely illegible to the state and to private capital. The idea behind the lease-leaseback scheme was that groups of customary landowners could lease some of their land to the government, which would then create a formal title over it and lease it back to the landowners. The landowners would then have a piece of paper which they could use as security for a bank loan or as the basis for granting a sub-lease to a third party for some developmental purpose. The current legal form of the lease-leaseback scheme is represented in two sections of the Land Act. Section 11 says that the Minister ‘may lease customary land for the purpose of granting a special agricultural and business lease of the land’, while Section 102 says that ‘a special agricultural and business lease shall be granted: (a) to a person or persons; or (b) to a land group, business group or other incorporated body, to whom the customary landowners have agreed that such a lease should be granted’. Section 11 also says that ‘an instrument of lease in the approved form, executed by or on behalf of the customary landowners, is conclusive evidence that the State has a good title to the lease and that all customary rights in the land, except those which are specifically reserved in the lease, are suspended for the period of the lease to the State’.

For many years after its original invention, the lease-leaseback scheme had very little practical effect. The first known case in which an area of more than 10,000 hectares was transacted though this scheme was in 1995, when three SABLs over a combined area of 20,793 hectares in West Sepik Province were granted to a landowner company called Pai Resources Management Agency Pty Ltd for what were described as ‘Integrated [sic] Agro-Forestry purposes’. The land was sub-leased to a Malaysian company on the understanding that the forest growing on it would be clear-felled and replaced by an oil palm estate. The Malaysian company exported logs from
the area over a period of two and half years, and then closed down its operation on the grounds of ‘adverse market conditions’. No oil palm estate materialized. A similar transaction was attempted with 38,350 hectares of customary land in Oro Province in 1998, but in this case local landowners managed to block the implementation of the ‘agro-forestry’ project by taking legal action against the State, the landowner company and its foreign ‘development partner’.\footnote{I discuss this case in more detail in the penultimate section of this paper.} A third large-scale conversion took place in 2001, when an SABL over 50,000 hectares of customary land in Morobe Province was granted to an incorporated land group. This area happened to include the 6000 hectares of land over which an Exploration Licence had been granted to a mining company by the national government. The validity of this SABL has been the subject of legal disputation ever since (Filer 2011a).

There could be other cases of large-scale alienation of customary land through the lease-leaseback scheme before 2003, but I have not yet had time to check the official records for evidence of these. What is known is that an exponential growth in the number of large blocks of customary land alienated in this way took place under the government led by Grand Chief Sir Michael Somare between 2002 and 2011. By April 2011, the total area had grown to between 5.5 and 5.6 million hectares – about 12 percent of PNG’s total land area. Nevertheless, some of the participants in the land grab debate continue to assert that 97 percent of the land is still customary land (Winn 2012: 13), when it is now more like 85 percent.

Papua New Guinea is also unusual (if not exactly unique) in the propensity of its national government to reveal the dark underbelly of its own dysfunction through the establishment of commissions of inquiry and the eventual dissemination of their findings.\footnote{This could be part of the Australian colonial legacy.} The establishment of a Commission of Inquiry into the operation of the lease-leaseback scheme was announced by PNG’s Acting Prime Minister in May 2011. In June, the National Executive Council (Cabinet) formally endorsed its establishment and imposed a moratorium on the further grant of SABLs and related licences until the Commission reported its findings to Parliament. In July, the Commission’s Terms of Reference were finalised (Filer 2011c: 37-8), and three senior lawyers, led by a former Chief Magistrate, were appointed as Commissioners. The Commissioners began their hearings in August 2011, and continued to gather evidence until March 2012. A report of some kind is thought to have been drafted in May, but at the time of writing it has not yet been tabled in Parliament.\footnote{One of the Commissioners has recently stated that an ‘interim report’ will be tabled in Parliament before the end of October 2012 (The National, 12 October 2012).} This is partly because national elections were held in July, and the new government led by Peter O’Neill has a number of other priorities.

The Commissioners have been careful to avoid any trucks with backs from which their reports might fall, so we do not know what the findings will be, and previous experience suggests that it might take some time for a full set of edited transcripts of their hearings to see the light of day. However, someone did manage to find a truck with a back from which unedited transcripts of many of the hearings did fall in February 2012, and these have been posted to a website (http://www.canopywatch.org/p/coi-transcripts.html). These documents run to several thousand pages, and I must confess that I have not had the time and patience to read through the whole set. This labour of love has been undertaken at greater length by Paul Winn and his colleagues in the Australian branch of Greenpeace. At the end of July 2012 – as if to mark the anniversary of the
Commissioners’ first meeting – Paul published a report that summarizes the results of this labour and relates them to spatial information derived from a number of sources (Winn 2012). The statistical and geospatial information in this report seems fairly accurate, and is largely consistent with the information contained in the final version of the paper which I presented to the first global land grab conference in April 2011 – just before the Commission of Inquiry was announced (Filer 2011c). I do have some issues with Paul’s interpretation of the political complexion of the land grab itself and the policy process surrounding it, and I return to these shortly.

Before going further, I should clear up one misconception that could interfere with our understanding of the policy process around PNG’s peculiar national version of the global land grab. The editors of the collection of papers which included my most recent publication on the PNG land grab say that the PNG government ‘has acquired rights over more than five million ha of customary land with the stated intention to sequester forest carbon’ (Fairhead et al. 2012: 251). This is wrong, but it is wrong in a rather interesting way. To the best of my knowledge, the PNG government has never stated any intention to use the lease-leaseback scheme for this purpose. I did canvass this as an option in a report I wrote for the PNG Department of Environment and Conservation at the end of 2009 (Filer 2009), but the option was not given serious consideration because there was already evidence that the scheme had been abused for a very different purpose. One of my reasons for stating that ‘green grabs don’t work in Papua New Guinea’ (Filer 2012) is that REDD project proponents have so far failed to figure out a way of sequestering forest carbon on customary land except by using the government’s control over the allocation of timber harvesting rights under the Forestry Act. When these rights have been allocated to the holder of an SABL, they have been allocated for the sole purpose of forest clearance.

There are only two ways in which the lease-leaseback scheme has been used for purposes that are remotely green: one is the use made by PNG’s main palm oil producer to establish so-called ‘mini-estates’ in proximity to its existing nucleus estates; the other is effort made by one Korean company to access customary land for the development of a cassava biofuel project (Filer 2011c, 2012). In the first case, the mini-estates deserve their name because none of them covers more than 10,000 hectares of land, and the total area covered by SABLs granted to local land groups for this purpose since 1999 is probably less than 30,000 hectares.4 In the second case, the Prime Minister promised to make 40,000 hectares of land available to the Korean company, and SABLs were granted over 33,000 hectares, but the promise proved to be worthless because the company was unable to make any productive use of the land covered by these leases, and has now given up and gone home.

There is no doubt that agro-forestry is the name of the main game here. In this game, SABLs over large blocks of former customary land are the platforms from which the leaseholders and their partners launch applications for Forest Clearing Authorities (FCAs) under Section 90B of the Forestry Act. Since this section was amended to facilitate the development of agro-forestry projects in 2007, FCAs have been granted over roughly 700,000 hectares of forested land, while

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4 On the basis of information supplied by oil palm industry sources, I have previously said that the figure is about 32,000 hectares (Filer 2011c: 2), but information since supplied by other industry sources suggests that it could be less than 20,000 hectares.
an even larger area was covered by applications that were probably still awaiting approval by the PNG Forest Authority when the moratorium was imposed in June 2011. All but five of the agro-forestry projects whose proponents have applied for FCAs since 2007 can now be tied to the grant of SABLs. The exceptions are either on state land that was purchased from its customary owners during the colonial period, or on customary land for which an SABL has yet to be discovered. A total of more than 1.5 million cubic metres of raw logs, with a combined value of roughly US$150 million, was exported from areas covered by FCAs in the five years from 2007 to 2011. In 2011, log exports from such areas accounted for almost 20 percent of the total volume of PNG’s raw log exports.

Although agro-forestry is the name of the main game, and there is nothing green about it, there is another game that is not green, and this has been overlooked by many parties in the land grab debate, including Greenpeace. For the past three years, a group of national politicians has been pushing for amendments to the Mining Act and the Oil and Gas Act that would transfer ownership of sub-surface mineral resources from the State to customary landowners. These proposed amendments have gained considerable support from members of the public who are opposed to the alienation of customary land under the lease-leaseback scheme. What these people do not seem to understand is that the lawyer who drafted the amendments proposes to use this very same scheme in order to place the ultimate control over areas covered by development licences in the hands of landowner companies (Donigi 2010). It seems that public debate about these proposed amendments has encouraged a form of speculation in which SABLs have been granted to landowner companies or incorporated land groups whose main aim is to secure greater access to the rents generated by the development of mineral resources, regardless of whether any change is actually made to the current legislation. This form of speculation is most likely to have occurred in PNG’s Southern Region, where an enormous Liquefied Natural Gas Project is already under construction and other oil and gas deposits may well be developed in future.

I now pose the following questions:

1. How is it possible to establish the amount of former customary land that has been ‘grabbed’ by means of the lease-leaseback scheme?
2. How and why was the PNG government persuaded to establish a commission of inquiry to investigate the land grab?
3. What do we now know about the social and political organisation of land grabbing activities that was not known before the Commission went to work?
4. What will be the social, political, economic and environmental consequences of these activities?

The last of these questions is hard to answer when we do not know what the Commission will recommend, or what the PNG government will do with those recommendations, so I shall now focus my attention on the first three questions.

**THE PURSUIT OF NUMBERS**

Public debate about the land grab in PNG has been informed by a spreadsheet summarizing the information contained in the PNG government gazette about the grant of SABLs to private companies since 2003. The first version of this spreadsheet was produced and circulated at the
end of 2008 by my old friend Brian Aldrich. Brian has lived and worked in PNG throughout the post-colonial period – first as a public servant in the Lands Department, then as a private land consultant; he probably knows more than anyone else about the detailed history of formal land transactions in PNG over the last 30 years; he was a member of the National Land Development Taskforce that recommended major reform of the country’s land laws in 2007; and he may be the only person in PNG who reads and keeps every single issue of the National Gazette, which is published two or three times a week. Brian updated and re-circulated his spreadsheet to myself and other interested individuals over the period that led to the announcement of the Commission of Inquiry in May 2011. It was his list that determined which areas and which leases would be subject to investigation.

Being an academic – and therefore a bit of a pedant – I managed to resolve some errors and anomalies in Brian’s spreadsheet in the published version of the paper I presented to the first land grab conference in April 2011 (Filer 2011c). In July 2012, I took advantage of Brian’s hospitality by camping in his office for a couple of days and reading through his entire collection of National Gazettes for the period from January 2003 to April 2011 to check all notices pertaining to the grant of SABLs. These notices show that SABLs may be granted (a) to named individuals, or (b) to incorporated land groups, or (c) to private companies or incorporated associations. With one exception, Brian’s spreadsheet only contained information about the grant of SABLs to private companies or incorporated associations, and still left out a number of cases in which such leases had been granted over relatively small areas of land (the largest being 52 hectares). He had no particular reason for thinking that some of the company leases over areas of less than 100 hectares were more interesting or significant than others, so I have included all of them in my revised dataset.

Brian took no notice of cases in which SABLs had been granted to individuals, probably because all of the areas covered by such leases were less than 10 hectares, most were less than 1 hectare, and their combined extent over a period of eight years was less than 100 hectares. These appear to be cases in which a customary group has agreed to make a small portion of land available for individuals (who might themselves be members of the group) to conduct some sort of business activity in an urban area. There is no reason to suppose that such transactions count as ‘land grabs’, and I have excluded these cases from my revised dataset.

With one exception, Brian took no notice of cases in which SABLs had been granted to incorporated land groups because he thinks that this type of transaction conforms with the spirit of the Land Act by returning the land title to the same entities that initially leased the land to the government. Brian himself has played a key role in arranging this type of transaction on behalf of the existing oil palm industry. The grant of SABLs for the development of so-called ‘mini-estates’ can be detected in the gazettal notices because of their proximity to an existing nucleus estate and the practice adopted by the oil palm industry – in consultation with local landowners – of limiting the period of the lease-leaseback arrangement to less than 50 years, instead of the maximum allowable period of 99 years for which most SABLs have been granted. This type of transaction is exemplified in the notice published in December 2010, whereby 21 land groups were granted SABLs over a combined area of 7,707 hectares in the vicinity of a newly established nucleus estate.
However, this type of arrangement seems to account for less than 20,000 hectares out of a total of more than 495,000 hectares of land that have been officially leased back to incorporated land groups since 2003, while more than 10 of the areas leased back to a single land group during that period are in excess of 10,000 hectares. This takes us to the heart of what constitutes prima facie evidence of a land grab, regardless of whether SABLs are granted to land groups or to private companies.

There are very few neo-traditional political communities in PNG – now legally constituted as rural local council wards – whose territories would extend over more than 10,000 hectares of land. Where these communities are divided into ‘clans’, and these entities are regarded as the primary holders of customary land rights, hence as the groups which ought to be incorporated for the purpose of entering into a lease-leaseback arrangement, few of these groups would have exclusive customary rights over more than 2000 hectares of land. In the case just mentioned, where 21 land groups were granted SABLs over a combined area of 7,707 hectares, it is evident that the average size of the area formally acquired by each of these groups was a little over 300 hectares. In any instance where a single entity acquires a formal title to more than 10,000 hectares of what was formerly customary land, there is reason to suspect that customary rights have been ignored or distorted in the process of alienation. Although the legislation does allow for customary groups to join forces in this process, anyone familiar with ‘village politics’ in PNG would know how hard it would be to persuade 100 adults – let alone 1000 adults – to give what is nowadays called free, prior and informed consent to the alienation of their customary land for a period of 99 years to a corporate body whose decision-making powers are vested in fewer than 10 adults.

The revised dataset summarised in Table 1 calculates the areas over which SABLs have either been granted to private companies (including incorporated associations) or to incorporated land groups for development projects of different sizes or scales. It can be seen here that the number of ‘projects’ is smaller than the number of leases. That is because there are several cases in which SABLs have been granted over adjacent or proximate areas on the same dates, or sometimes on different dates, to the same entity, or to entities that are known to be related to each other through their relationship to a single foreign investor or ‘development partner’. The one land group that figured in Brian’s spreadsheet got there because it was granted an SABL on the same day as four landowner companies, and the five entities together are clearly joined in a single project with a combined area of almost 78,000 hectares (Filer 2011a: 275).

Most of the projects covering less than 1000 hectares could be perfectly legitimate, but together they account for a tiny fraction of the total area acquired by companies or land groups over the last 10 years. Those covering more than 1000 hectares but less than 10,000 hectares occupy a sort of grey area in which the process of alienation is more likely to have been defective in some way, but even these projects barely account for more than 1 percent of the total area that has been alienated. It is the ‘major projects’ covering more than 10,000 hectares and almost 99 percent of the total area that demand serious scrutiny.

Table 1: Extant SABLs issued to incorporated entities, 2003-2012.

<table>
<thead>
<tr>
<th>Scale of development</th>
<th>No. of</th>
<th>No. of</th>
<th>Area leased to</th>
<th>Area leased to</th>
<th>Total area leased for</th>
</tr>
</thead>
</table>


Although Table 1 contains a more accurate summary of the areas of land that have been alienated to incorporated entities since 2003, it cannot be regarded as a definitive statement, and may therefore need to be revised in light of further inquiries. There are several reasons for this uncertainty:

1. It does not tell us how much land is covered by SABLs granted before 2003 that are still valid. The leases granted to Pai Resources Management Agency in 1995 are a case in point, though they have since been transferred to a different landowner company with a new ‘development partner’. It is unlikely that these longstanding leases cover more than 100,000 hectares between them.

2. Some of the areas currently allocated to different projects may yet turn out to be associated with the same project by virtue of links between organizations and individuals that have yet to be discovered. Such discoveries would reduce the total number of projects, and might then change the total areas allocated to projects of different scales, but would not make any difference to the total area of land allocated to all projects.

3. There is one case (included in the present dataset) in which a copy of an SABL issued by the Lands Department since 2003 has been discovered in official project documentation, but there is no corresponding notice published in the National Gazette. The legal status of this SABL is unclear (it might even be a forgery), but there could be other cases of the same kind that have yet to be discovered.

4. Aside from cases in which an SABL over the same area of land has been issued to the same corporate entity on two different dates, there are also a few cases in which an area already covered by an SABL has subsequently been covered by another one issued to a different corporate entity. All such cases of duplication have been removed from the present dataset once they have been identified, but there may be one or two that still remain.

<table>
<thead>
<tr>
<th>project (hectares)</th>
<th>projects</th>
<th>leases</th>
<th>companies</th>
<th>land groups</th>
<th>projects of this scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 1,000,000</td>
<td>1</td>
<td>4</td>
<td>2,043,097</td>
<td>0</td>
<td>2,043,097</td>
</tr>
<tr>
<td>100,000 – 1,000,000</td>
<td>11</td>
<td>12</td>
<td>2,180,233</td>
<td>0</td>
<td>2,180,233</td>
</tr>
<tr>
<td>10,000 – 100,000</td>
<td>34</td>
<td>57</td>
<td>867,130</td>
<td>356,597</td>
<td>1,223,727</td>
</tr>
<tr>
<td>1,000 – 10,000</td>
<td>12</td>
<td>37</td>
<td>14,566</td>
<td>43,626</td>
<td>58,192</td>
</tr>
<tr>
<td>100 – 1,000</td>
<td>15</td>
<td>18</td>
<td>2,139</td>
<td>4,529</td>
<td>6,667</td>
</tr>
<tr>
<td>10 – 100</td>
<td>18</td>
<td>175</td>
<td>216</td>
<td>310</td>
<td>527</td>
</tr>
<tr>
<td>1 – 10</td>
<td>16</td>
<td>27</td>
<td>13</td>
<td>52</td>
<td>65</td>
</tr>
<tr>
<td>&lt; 1</td>
<td>10</td>
<td>11</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>ALL PROJECTS</td>
<td>117</td>
<td>341</td>
<td>5,107,398</td>
<td>495,114</td>
<td>5,512,511</td>
</tr>
</tbody>
</table>

Source: PNG National Gazette and official project documents.
5. There are a few cases in which the validity of an SABL has been challenged in the National Court, but the Court’s decision has not been recorded or is otherwise unknown to me. In the absence of such evidence, these SABLs are still included as extant leasebacks in the present dataset.

6. There are at least two cases in which the area said to be covered by an SABL in the gazettal notice is smaller than the area specified in the Title Deeds subsequently issued by the Department of Lands and Physical Planning. There could other cases where this mysterious form of expansion has taken place.

7. There are some cases in which SABLs may have been granted over areas that were not customary land but land already alienated from its customary owners. This suspicion arises when the portion numbers specified in the gazettal notices not have the letter ‘C’ attached to them. These are all areas of less than 1000 hectares, so their removal from the dataset would not make much difference.

8. There are a few cases in which the notices published in the National Gazette appear to misrepresent the number of hectares covered by an SABL by an order of magnitude because a comma has been replaced by a full stop. In the present dataset, this error is assumed to have occurred in those cases where two or three digits precede the full stop and three digits follow it. It is hard to believe that areas of more than 10 hectares would have been surveyed to this level of accuracy, and investigation of two such cases has shown that the areas in question are actually one thousand times larger than the areas represented in the gazettal notices.

Despite these sources of uncertainty, I think it is safe to say that the total area of former customary land that has been alienated through the lease-leaseback scheme is now somewhere between 5.4 and 5.7 million hectares, and my bet would be that it is somewhere between 5.5 and 5.6 million hectares. The question is how much of this land has been ‘grabbed’ from under the noses or behind the backs of the customary owners.

STRANGE BEDFELLOWS

I now turn to my second question: how and why was the PNG government persuaded to establish a commission of inquiry to investigate the land grab? The Greenpeace report presents the Cabinet decision as a response to public pressure exerted by members of what I have described as PNG’s ‘Conservation Policy Community’ – an interest group in which Greenpeace itself has long played a prominent role (Filer 2005). Greenpeace assigns particular significance to a pair of documents produced in the first three months of 2011:

1. A please-explain letter from the UN Special Rapporteur on the Situation of Human Rights and Fundamental Freedoms of Indigenous People following a complaint lodged by PNG’s Centre for Environmental Law and Community Rights (CELCOR) and the UK-based Forest Peoples’ Programme (CELCOR and FPP 2011).

2. A manifesto known as the ‘Cairns Declaration’ that was signed by a number of academics and environmentalists (including myself and Paul Winn) who attended a meeting at James Cook University in March that year (Ase et al. 2011).
For reasons explained in the paper which I presented to the first global land grab conference (Filer 2011c), it is most unlikely that the National Executive Council would have responded so rapidly and decisively to this kind of pressure if it had not been reinforced by pressure from other quarters over a longer period of time. My argument would be that environmental NGOs like Greenpeace and CELCOR form one constituency in what I would now describe as PNG’s ‘land reform network’. I shall not grace this entity with initial capital letters in case someone gets the impression that it is some kind of formal organization – and it is certainly not that. It is not a single interest group, it does not deserve to be called a policy community, and might not even count as a coalition, because its members have quite different interests in the matter of land reform.

From what I know of it, this network did not exist in its present form before 2009 – the year in which I think I joined it in my capacity as an adviser to the PNG Department of Environment and Conservation. What predated it was the National Land Development Taskforce, which was a very different animal, and in which I had no involvement whatsoever. That was a formal organization established by the Minister for Lands in 2005, with members drawn from both the public and private sectors, with a mandate to discover more efficient and effective ways of mobilizing customary land for urban and rural development. Although that minister later showed great enthusiasm for the lease-leaseback scheme as a means to achieve this goal, the report of the Taskforce barely mentioned it – and then only to endorse its limited use by the existing oil palm industry (GPNG 2007). This is understandable, because the exponential growth in the number of large blocks of customary land alienated in this way had only just begun. The Taskforce was far more interested in plugging the legislative hole which had originally prompted the invention of the lease-leaseback scheme in 1979. And so it came to pass that one member of the Taskforce, the head of PNG’s Constitutional and Law Reform Commission, drafted amendments to the Land Registration Act and the Land Groups Incorporation Act that would make it possible for incorporated land groups to register titles to their customary land (GPNG 2008). These amendments were passed by Parliament in March 2009, but they were not given legal effect by certification and gazettel until February 2012.

Environmental NGOs and foreign aid agencies were notable by their absence from the National Land Development Taskforce for closely related reasons. Some members of the NGO community have long been convinced that any legal device for the ‘mobilization’ of customary land in Melanesia is the work of a neo-liberal conspiracy masterminded by the World Bank and the Australian government (Anderson and Lee 2010). In light of past experience, the World Bank and the Australian government have therefore taken some pains to avoid any action that might look like interference in a domestic process of land policy reform. There is some irony here, because the PNG government’s adoption of legal and policy measures to facilitate the alienation of customary land for large-scale agro-forestry projects was actually made much easier by the Bank’s loss of influence over the national forest policy process in 2005 (McCrea 2009). In the PNG case at least, the Bank’s loss of influence spelt a corresponding loss of influence on the part of the conservation policy community which the Bank had helped to establish during an earlier period of forest policy reform in the 1990s (Filer 2011c: 23).

When Brian Aldrich raised the alarm about abuses of the lease-leaseback scheme at the end of 2008, much of his correspondence was addressed to public servants who were also members of the National Land Development Taskforce, and are now members of a successor organization
known as the National Land Advisory Group. Bureaucrats being bureaucrats, their public pronouncements on the land grab have been fairly infrequent, and have occasionally got them into hot water with government ministers, but there is no doubt that they form a key constituency in the land reform network. Most environmental NGOs did not show much interest in joining this network when it began to take shape in 2009, partly because they did not wish to associate themselves with the concept of ‘land reform’, and partly because they were distracted by the prospect of making money from voluntary carbon schemes or REDD projects (Filer and Wood 2012). A few, like CELCOR, got involved at an early stage because of their role in helping dissident landowners to challenge the validity of SABLs in the National Court. Greenpeace got involved at a later stage when it realized that one of the putative land grabbers was PNG’s biggest logging company, Rimbunan Hijau (RH), against which Greenpeace has been waging a sort of holy war for the last 20 years (Greenpeace 2004; Filer 2011c: 22-23).

It is understandable that the latest Greenpeace report pays so much attention to the only operational agro-forestry project run by RH, but it is also noteworthy that Greenpeace tries to calculate the potential value of REDD projects as alternatives to agro-forestry projects (Winn 2012: 23-24). So far as I know, the first serious attempt to persuade the National Executive Council to call a halt to the grant of SABLs and FCAs for large-scale agro-forestry projects was a recommendation contained in a draft climate change policy document produced in March 2010 (GPNG 2010: 29). The authors of this document were consultants from McKinsey and Company who had taken over my previous role in advising the Department of Environment and Conservation on the design of REDD projects. The McKinsey team accepted the argument that international funding for such projects would be harder to obtain if the PNG government appeared to be promoting an accelerated process of deforestation through the grant of SABLs and FCAs (Filer 2010). Their initial recommendation did not have much effect, even though Cabinet apparently endorsed the document containing it. But I believe it was they who drafted the Cabinet submission that led to the establishment of the Commission of Inquiry in June 2012. In March 2011, they asked me to try and work out which government ministers might have a vested interest in abuses of the lease-leaseback scheme. By matching SABLs and FCAs to parliamentary electorates, I reckoned that it might be half of them, so I was somewhat surprised when the Acting Prime Minister made his announcement in May. One possible explanation of their success is the influence exerted by the PNG envoy to the UN Framework Convention on Climate Change, Kevin Conrad. It was Conrad who persuaded Michael Somare to make PNG one of the two founding members of the Coalition for Rainforest Nations in 2005, and Conrad who persuaded Cabinet to hire the McKinsey consultants in 2009.

It is understandable that the latest Greenpeace report makes no mention of Kevin Conrad or the McKinsey team as allies in the land reform network, because Greenpeace has no time for the McKinsey method of calculating the economic costs and benefits of forest carbon sequestration (Greenpeace 2011), and many other members of the land reform network have long been suspicious of Kevin Conrad’s relationship with a prime minister whose government seems to have authorised the land grab (Filer 2012). The point is somewhat academic, because Conrad and the McKinsey team disappeared from PNG’s climate change policy process when Somare was removed from office in August 2011. Yet the Commission of Inquiry survived the formation of a new government in which the former Leader of the Opposition, Belden Namah, was appointed as Deputy Prime Minister and Minister for Forests and Climate Change. When the Commission was announced in May 2011, Namah expressed public outrage because his own
interests in the agro-forestry business were more than a match for those of the ministers then in government. The survival of the Commission under the new government led by Peter O’Neill testifies to the resilience of a protest movement that no longer needed a team of foreign consultants to draft Cabinet submissions on its behalf.  

For reasons explained in previous publications (Filer 2011c, 2012), the established oil palm industry is also a key constituency in this protest movement, and one that will not be disappearing any time soon. The established industry currently comprises two major companies and three affiliated organizations. It wields a good deal of political influence because it directly employs more Papua New Guineans than any other branch of private industry in rural areas, it buys fresh fruit bunches from an even larger number of outgrowers, and it is the only agricultural export industry to have shown strong rates of growth over the last two decades. Industry representatives are opposed to the new generation of agro-forestry projects – especially those that purport to be oil palm schemes – because of the risk they pose to its own reputation as a producer of ‘sustainable’ palm oil, and because of serious doubts about their economic feasibility. Environmental NGOs have been unwilling to acknowledge the existing industry as a bedfellow in the land reform network – at least in public – because most of them are wedded to the idea that oil palm is the crop of the devil. The latest Greenpeace report contains the observation that ‘oil palm and biofuel companies have interests in only nine SABLs covering 311,000 hectares’ (Winn 2012: 28). But if we remove the 33,000 hectares of land that has proven worthless to the Korean biofuel company and the 20-30,000 hectares contained in mini-estates sponsored by the existing oil palm industry, we are left with the question whether the other ‘oil palm companies’ are really oil palm companies at all, or what distinguishes an ‘oil palm company’ from a ‘logging company’ when the oil palm in question currently consists of seedlings sitting in a nursery next to a large-scale log export operation in an area covered by an FCA. Doubts about the economic feasibility of new oil palm schemes promoted by the agro-foresters have only increased as the construction phase of the PNG Liquefied Natural Gas Project has inflicted a version of the Dutch Disease on the rest of the national economy. According to the Bank of Papua New Guinea, the value of palm oil exports, which accounted for almost 40 percent of the total value of agricultural exports in 2011, fell by 50 percent between the first quarter of 2011 and the first quarter of 2012. Representatives of the existing industry have been complaining that inflation of the national currency has raised their costs of production to a point where they can barely compete with producers of palm oil in other countries, even in markets where ‘sustainability’ carries a small price premium. In these circumstances, they cannot see how it makes economic sense of any new entrant to the industry to invest the US$100 million required to establish a new oil palm scheme (Filer 2011c: 22).

None of these observations should detract from the very important role that environmental NGOs like Greenpeace and CELCOR have played in raising public awareness about the land grab in PNG. The use of social media to amplify the voices of public protest has grown to the point where it is sometimes hard to the voices of non-government (or community-based) organisations from those of dissident landowner representatives or other members of the public. The dissident landowner voices are not equally audible in all parts of the country directly affected by the land grab, since they are often the voices of an urban middle class whose members happen to

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5 Following the national elections of July 2012, O’Neill was able to assemble a governing coalition without the support of Namah, who returned to his former role as Leader of the Opposition.
originate from areas where there is a long history of conflict over the allocation of forest resources to logging companies. The announcement of the Commission of Inquiry was immediately preceded by loud voices of protest from one such group of ‘urban landowners’ from New Ireland Province, and they put additional pressure on the national government at the time (Filer 2011b). My main reason for pointing out that the land reform network includes other groups of people whose protests have been much less vocal is that previous experience with commissions of inquiry in PNG suggests that significant policy reform will only follow from their recommendations if power is exerted through several different channels, including the public and private sectors as well as ‘civil society’. This was most notably the case with the commission of inquiry into the regulation of the forest industry that was conducted in the late 1980s, which did prompt a significant process of forest policy reform in the decade that followed (Filer 1998).

THE WORKINGS OF THE STATE

So what do we now know about the social and political organisation of land grabbing activities that was not known before the Commission went to work? According to the latest Greenpeace report:

With respect to SABLs, Provincial Administrators in most cases undertook customary landowner consultations, prepared the Land Investigation Report (LIR) , issued certificates of alienability, chaired the Department of Agriculture and Livestock (DAL) public hearings to determine whether an Agricultural Development Plan was approved, chaired the Provincial Forest Management Committee (PFMC) to determine whether an FCA was approved, and chaired the Provincial Environment Committee to determine whether an activity received an Environmental Permit.

The Provincial Administrator was therefore involved in every step of investigating, reporting, certifying and approving a lease and in every step of its logging, clearing and planting. This is a clear conflict of interest and allows a single person to be the target of corruption and overt pressure from corporate interests (Winn 2012: 37).

The idea that Provincial Administrators have been the public servants most directly responsible for authorizing the land grab is an odd one, and I do not think it is borne out by what we know of the hearings conducted by the Commission of Inquiry. There are certainly some provinces, and some projects, where they have been active protagonists, and this has generally happened in cases where the Provincial Governor or one of the other MPs from the province in question has also been an active protagonist. There are other cases in which letters of support from Provincial Administrators have been attached to the documents that lead from the grant of an SABL to the grant of an FCA, but anyone familiar with the PNG public service (or its counterparts in other countries) will know that such letters are often not read – let alone written – by the people who sign them. And there are some cases in which there is no evidence of Provincial Administrators even granting project proposals the benefit of a rubber stamp.

It is clear that the Commissioners were far from impressed with the transparency and legitimacy of the process by which so much land has been alienated from its customary owners. Being lawyers, their approach to the whole process was to ask how the law might have been bent or broken by the various public servants involved it, and in each case, they found a whole cast of
characters whose actions and decisions were more or less justifiable, but which taken together, amounted to a failure of public policy. In the published version of the paper I presented to the first land grab conference, I described these actions and decisions as variations on a single political and bureaucratic process, as if there were an ideal type of project approval process illustrated in different ways in each particular case (Filer 2012c: 17-18). However, this way of thinking about the matter carries an obvious risk of conflating the failings of the legal and political system with the failings of the individuals who manage it.

There are four national government agencies directly involved in the process for approving the development of large-scale agro-forestry projects on land covered by SABLs:

- the Department of Lands and Physical Planning (DLPP), which is responsible for management of the lease-leaseback scheme;
- the Department of Agriculture and Livestock (DAL), which is responsible for assessing the feasibility of large-scale agricultural development projects;
- the Department of Environment and Conservation (DEC), which is responsible for evaluating Environmental Impact Statement and granting Environment Permits; and
- the PNG Forest Authority (PNGFA), which is responsible for the grant of Forest Clearing Authorities.

In their testimonies to the Commission, the heads of the last three agencies basically argued that their hands were tied by the decisions already taken by DLPP officials, while the Secretary for Lands was inclined to pass the buck back to the provinces. To understand how buck-passing works in this case, it is necessary to acknowledge that the four agencies do not have the same form or degree of provincial outreach:

- The DEC is a regulatory body with no ground-truthing capacity in the provinces. So far as I know, there are no such things as ‘Provincial Environment Committees’ to advise on the grant of Environment Permits. There are regulations under the Environment Act that determine whether a project proponent is required to produce an Environmental Impact Statement, and there is an Environment Council comprised of worthy citizens at the national level who advise the Minister whether or not to issue an Environment Permit on this basis.
- The PNGFA does have regional and provincial offices, but the staff in these offices are directly accountable to headquarters, not to Provincial Administrators. The link between the PNGFA and the provincial government system is through the Provincial Forest Management Committees that are supposed to advise the central agency on the merits of different forestry project proposals before the central agency makes recommendations to the National Forest Board.
- The DAL does not share this centralised form of organisation. Agricultural officers in each province are part of the provincial administration, and their lines of communication to the national headquarters are very limited. The national agency is largely responsible for the development and implementation of national policy, and is almost as blind as the DEC to local circumstances.
- The DLPP is organized around a split between the management of alienated land and the management of customary land. The system of administration is more centralized in the
former case than it is in the latter case. The District Lands Officers who have a critical responsibility for authorizing the alienation of customary land through the lease-leaseback scheme are accountable to Provincial Administrators, but officials in the national agency are still responsible for authorising the grant of SABLs.

One of the most useful functions performed by the Commission of Inquiry was to remove the veil that had previously obscured the production of Land Investigation Reports by District Lands Officers. Section 10(3) of the Land Act states that ‘the Minister shall not acquire customary land unless he is satisfied, after reasonable inquiry, that the land is not required or likely to be required by the customary landowners or by persons on whom the land will or may devolve by custom’. The Commission has found plentiful evidence that this is the key point at which the law has been bent or broken in the administration of the lease-leaseback scheme, and hence the point on which to determine whether or not a particular block of customary land has been ‘grabbed’. This is also the key policy issue identified in the recent Greenpeace report, where the link between District Lands Officers and Provincial Administrators is portrayed in terms of a policy decision taken at the national level to rely on Provincial (or District) Administrators to advise whether or not a Land Investigation Report should be counted as sufficient evidence for the grant of an SABL (Winn 2012: 42). This is a reasonable point, but it still seems to overlook many of the complexities and irregularities discovered by the Commission – especially the roles played by national politicians and project proponents in perverting the project approval process.

It is easy enough to cover all these complexities and irregularities with a grand meta-narrative of corruption, but this may not be very helpful if the main point of the exercise is to find a way of making the State work better than it has done in the past. If it is unrealistic to portray the land reform network as a single community of interest with a common policy objective, it may also be unrealistic to portray the State as an overbearing, monolithic, corrupt and incompetent vehicle for the implementation of a neo-liberal policy agenda (Lattas 2011). We need to bear in mind that national government ministers who have pronounced their public support for the alienation of so many large areas of customary land have often justified this process by reference to a ‘developmental’ agenda conceived as an a nationalist alternative to the ‘neo-liberal’ policy prescriptions of the World Bank (Filer 2011c). Although the Commission of Inquiry has discovered numerous instances in which public servants have behaved as if they were the paid agents of the private companies seeking access to large areas of customary land, it has not come up with much evidence of them actually being bribed to perform these functions. The words that seem best able to describe their behaviour are words like gullibility, ignorance, incompetence and intimidation. The same words appear to fit the behaviour of many of the landowner company directors and other community leaders who have been sucked into the process of alienation. But if ‘intimidation’ is the key word here, members of the second group seem to have been more intimidated by their ‘development partners’, whereas the public servants in the first group have more commonly been intimidated by the policy pronouncements of their own political masters.

COLLINGWOOD BAYWATCH

Rather than seek to illustrate these points by reference to the Commission of Inquiry’s own investigations, I now turn to consideration of a case that was not investigated because its SABLs
were not granted between the start of 2003 and the point at which a moratorium was supposedly placed on the grant of new SABLs in June 2011. Immediately prior to the publication of the Greenpeace report at the end of July 2012, the National Gazette announced the grant of two new SABLs in Oro Province, both for a period of 50 years, to Sibo Management Ltd and Wanigela Agro Industrial Ltd. At first sight, the notices might not seem to relate to any major project at all because the areas covered by these two leases were said to be 21,520 hectares and 16,830 hectares respectively. However, they did cause something of a stir because they seemed to signify a belief on the part of DLPP officials that the moratorium was no longer in effect, even though the report and recommendations of the COI had yet to be tabled in Parliament. In September 2012, the Director of PNG’s National Research Institute, who is also the head of the government’s National Land Advisory Group, called on the Minister for Lands to discipline the DLPP officials responsible for the grant of these two leases (Post-Courier, 5 September, 2012). The Acting Secretary for Lands responded by saying that these ‘are not new leases but are decade-old portions that were issued in the 1990s’ (The National, 7 September 2012). A local landowner representative then joined the debate by claiming that SABLs over both areas were granted to Keroro Development Corporation Ltd in January 1998, but that the National Court cancelled the leases in May 2002 and gave the land back to the customary landowners (Post-Courier, 14 September 2012). This was followed by news that the Acting Secretary for Lands was facing the prospect of being suspended from duty on the grounds that he had failed to comply with the 2002 court order as well as the National Executive Council’s decision to impose the moratorium in June 2011 (Post-Courier, 1 October 2012).

And then the matter took a strange turn. A Malaysian newspaper reported that Kuala Lumpur Kepong Bhd and its major shareholder, Batu Kawan Bhd, had jointly acquired a 69 percent stake in a company called Collingwood Plantations Ltd at a price of around US$12 million. The story was repeated in one of PNG’s national newspapers on the following day (The National, 5 October 2012). The story went on to say that a ‘unit’ (presumably a subsidiary) of Collingwood Plantations Ltd, Ang Agro Forest Management Ltd, holds a 99-year lease on more than 5,992 hectares of state land and two 49-year sub-leases on 38,350 hectares of other land in Oro Province. A spokesman for Kuala Lumpur Kepong was quoted as saying that ‘[t]he proposed acquisition presents an opportunity for KLK to develop new oil palm plantations in PNG in view of the increasing difficulty and expense to source suitable land in Malaysia and/or Indonesia’.

Now let me show how I and other members of PNG’s Land Reform Network go about the business of joining up the dots. Brian Aldrich circulated the gazettal notice to some of us as soon as it appeared. Since I had previous knowledge of the occasional propensity of the Lands Department to substitute a full stop for a comma when stating the area covered by an SABL, I tried adding 21,520 hectares and 16,830 hectares in order to determine the scale of what could be one major resource project that had not been investigated by the COI. The sum of these two numbers is 38,350 hectares. This number rang a bell. I went back to the table produced by the PNGFA in April 2010 which showed the status of applications for Forest Clearing Authorities at that time. And there it was: an application by Ang Agro Forest Management Ltd to clear the forest from 38,350 hectares of land in order to develop something called the Wanigela Integrated Agriculture Project. But this document contained another puzzle: the three portion numbers

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6 The last SABL to be gazetted before the establishment of the COI was said to cover an area of 109.58 hectares, but was later revealed to be an area of 109,580 hectares – a thousand times larger.
assigned to this land by the Lands Department (113,138 and 140) suggested that it was already state land, and there was no indication of an SABL having been granted over any of these land portions. But the new gazettal notice issued in July 2012 had two different portion numbers (113C and 143C) for the two areas now covered by the SABLS granted to Sibo Management Ltd and Wanigela Agro Industrial Ltd, where the ‘C’ indicates that this was customary land, not state land. To add to the mystery, Brian managed to obtain a copy of the Survey Plan mentioned in the gazettal notices as the one showing the boundaries of both portions. This turned out to be a survey of a small block of land on the shores of Collingwood Bay that was acquired by the Anglican mission in October 1901(!).

That is what we had discovered by the time that the Director of the National Research Institute made his public complaint about the grant of the two new leases. What the Acting Secretary for Lands and the local landowner representative said in their responses to his complaint offered a partial solution to the new puzzle. Two SABLS had indeed been granted to Keroro Development Corporation – a local landowner company – back in 1998, 35 local landowners had challenged the validity of the leases in the National Court in 1999, and they had won their case (with a good deal of publicity) in 2002 (Bird et al. 2007: 4; Filer 2011a: 273-4). The question is whether this meant that the land had been ‘given back’ to the customary owners. The Acting Secretary may have been alluding to a point of law that is not well understood in public debate about the land grab. Under the so-called Torrens Principle which PNG has inherited from Australia, a formal title created over an area of land that was not formerly subject to any formal title is legally indefeasible – in other words, it cannot be abolished once it has been created. The Torrens Principle seems to have been applied in January 2010, when the National Court invalidated an SABL which had been granted to a landowner company over another 211,600 hectares in Oro Province January 2009. In this instance, a new SABL was granted over a larger area of 320,060 hectares to the landowner company that was the first plaintiff in the court case, and this seems to have included the area that was covered by the first lease (Filer 2011a: 276).

If the National Court had applied the Torrens Principle in 2002, then it might have invalidated the SABL granted to Keroro Development Corporation without invalidating the title created when some local landowners agreed to lease their land to the State in the first place, even if many or most local landowners had not consented to this transaction. In that case, the land in question would in effect have become state land, and the court would only have required that the original customary owners be properly consulted about the grant of an SABL to a third party. However, a copy of the court order clearly states that the original lease documents ‘do not vest in the State any interest in the land known as Dirudadan [Portion 143] … and Kwagir [Portion 113]’ (Nilles 2010). If DLPP officials thought they had properly consulted the customary owners about the grant of the new SABLS over these two portions, they may still have been violating the court order unless it had been over-ridden by a new court order – which is apparently the claim made by the new leaseholders and their ‘development partners’.

So where does that leave the ‘99-year lease on more than 5,992 hectares of state land’ which has apparently been attached to Portions 113C and 143C in the deal more recently announced in the Malaysian press? If we return to the table produced by the PNGFA in April 2010, we find that a company called Victory Plantation Ltd had applied for an FCA over 5552 hectares of state land (Portions 135, 136 and 137) in order to develop something called the Tufi Wanigela Tree Farming Project. Unlike the Wanigela Integrated Agriculture Project, this project had not been
granted an Environment Permit, but it had already been granted an FCA back in April 2008. Opposition from local villagers delayed the logging of this area until 2011, but in that year alone, it seems to have accounted for the export of more than 63,000 cubic metres of logs, with a combined value of more than K11 million (about US$5.5 million) (SGS PNG 2012). An area this size cannot support this rate of extraction for very long, so it is understandable that the loggers would be keen to move their machinery into the adjacent area of 38,350 hectares – if they have not done so already. It seems unlikely that PNGFA granted an FCA over the adjacent area before the moratorium was imposed in June 2011, but it now seems clear that the combined area of 43,902 hectares is subject to a single set of corporate interests.

As a result of the earlier court case, local landowner representatives from this area have been part of the Land Reform Network for at least three years. They were already mobilising opposition to the ‘agro-foresters’ in 2010, when the first shipment of logging equipment made its appearance. Accounts of their activities (Gangai 2010; Nilles 2010) do not explain the circumstances under which the 5552 hectares of ‘state land’ was acquired from its original customary owners (it may well have been a colonial acquisition), but they indicate that this area contained very little in the way of commercial timber resources, and was separated from the shoreline by Portion 143. Local villagers seem to have been convinced that Victory Plantation Ltd and Ang Agro Forest Management Ltd were both fronts for Rimbunan Hijau. Even if that were true, the ten Asians who imported the logging equipment did not have the local police force in their pockets, because they were arrested and removed from the area in July 2010. Shortly afterwards, they seem to have returned with an escort of ‘police reservists’ from Port Moresby, but were then removed again by regular police from the provincial capital (Post-Courier, 18 August 2010). They must have found some way to consolidate their presence in the area by March 2011, because that is when the first log shipment left the shores of Collingwood Bay.

CONCLUSION

In my view, the conclusions of conference papers should not be written until they have been discussed by the other conference papers. In the present case, there is an additional reason to avoid conclusions because the Commission of Inquiry is on the verge of reporting its conclusions to the PNG parliament and the general public. I therefore recommend that anyone who wants to know more should listen to a radio program on the PNG land grab that was broadcast by the Australian Broadcasting Corporation as I was writing this paper:

http://www.abc.net.au/radionational/programs/backgroundbriefing/2012-10-14/4303012

But I should warn you that it will probably take longer to listen to this program than it took you to read this paper.

7 In November 2010, the Managing Director of the PNGFA said that the grant of an FCA for the bigger of the two projects had been put on hold until the land tenure issue had been sorted out (Post-Courier, 11 November 2010).
8 The connection between the two companies was unclear at the time. Victory Plantation Ltd had been incorporated in 2005, with one Malaysian, one Australian and one Papua New Guinean director, and no list of shareholders. Ang Agro Forest Management Ltd had been incorporated in 2006, with two Malaysian directors, one of whom held all the shares ‘in trust for financiers’. It is this trustee shareholder who is now reported to have sold the 69 percent stake in Collingwood Plantations Ltd to other Malaysian companies. I leave it to the sleuths at Greenpeace to try and work out whether Rimbunan Hijau has any financial links to this latest transaction.
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