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Briefing Note



Land Reform in Melanesia

Neo-classical economists have repeatedly called for the reform of land tenure arrangements in the independent states of Melanesia on the grounds that the customary ownership of land in those countries is a critical barrier to economic growth. Some, such as Helen Hughes (2003), have advocated the abolition of customary land tenures and their replacement with freehold or other forms of individual title.

Weaker versions of the land privatisation agenda, such as that recently articulated by Gaurav Sodhi (2008) in relation to Solomon Islands, call for land tenure reform which would encourage, at a bare minimum, land registration and the granting of long-term leases on customary land.

Proponents of land privatisation are guided by the underlying assumption that private property rights in land are an essential prerequisite to economic development everywhere in the world. They argue that the customary ownership of land does not and cannot create the necessary incentives for farmers to increase productivity and that customary land tenures are therefore an impediment to agricultural development. This argument is applied to both subsistence and commercial agricultural production.

There are a number of misconceptions that have permeated the arguments of neo-classical economists in relation to land tenure reform in Melanesia. These relate to the nature and meaning of customary land tenure; the character, extent and performance over time of subsistence and cash crop production on customary land; the agro-ecological potential of land in Melanesia; and the extent to which customary land has been successfully leased out for large-scale commercial agricultural development under existing regulatory regimes. These misconceptions are examined here with reference to the postcolonial states of Melanesia, particularly Papua New Guinea (PNG) and Solomon Islands.

What is Customary Land?

In PNG at least 97 percent of land is held under customary ownership and in Solomons the figure is 87 percent. Customary tenure is frequently conflated with common ownership, as in 'the commons' of England prior to the Enclosure Acts, and also with the communal land ownership seen in socialist and communist systems. Neither of these characterisations is correct. Bearing in mind that the precise nature of land tenure will vary from community to community, a basic working definition is as follows:

In simple terms, customary tenures can be seen as a balance between group and individual rights and obligations, with land ownership being held at group level and land use being exercised at the individual or household level (Fingleton 2005:4).



Harvesting taro and cassava leaves from a food garden on Malaita, photo courtesy of Mike Bourke

In most parts of Melanesia, parcels of customary land can be attributed to descent groups. Over time the lineages have grown in size and sub-lineages have developed, all related by descent. The line of descent can follow men (patrilineal), women (matrilineal) or, sometimes, men or women (ambilineal). The sub-lineages are referred to as lines and the broader group as the clan, or sometimes the tribe. Within each line, individual families have usufructuary rights over defined parcels of land, but at all times ultimate ownership rests with the wider clan or tribe. It is important to note that there are exceptions to the unilineal descent rule in some parts of Melanesia, that the concepts of 'clan' and 'tribe' are not always appropriate or applicable, and that the boundaries of social organisation are not always coterminous with those of land ownership (see Weiner and Glaskin 2007).

The importance of land as a source of group identity, and of spiritual and material sustenance, has been widely documented throughout Melanesia. There has also been a close relationship between land, the large-scale exploitation of primary resources and violent conflict in many parts Melanesia.

Successful Smallholder Cash-cropping takes place on Customary Land

Neo-classical economists' accounts of rural development in Melanesia frequently ignore, downplay or denigrate the smallholder cash cropping sector. The reality is that PNG, Solomon Islands and Vanuatu, where the vast majority of the populace reside in rural areas, have vibrant smallholder cash-cropping economies. The evidence from both PNG and Solomon Islands is that, with

the important exception of the oil palm industry, the smallholder agriculture sector has actually outperformed the plantation sector (see Bourke 2005 for a discussion of this trend in PNG). In other words, customary land tenure regimes have been more successful in terms of increasing commercial agricultural production than have various forms of privatised land regimes.

In the Solomon Islands, with the exception of the 'ethnic tension' years (late 1998-2003) when production in all sectors of the economy was disrupted, the production by value of smallholder export commodities such as copra, copra oil and cocoa has steadily increased over time (Figure 1). Production in the plantation sector, by contrast, has steadily declined. The country's largest coconut plantation, located in the Russell Islands on land alienated during the colonial era, has been moribund for the past four years due to a long-running industrial dispute and poor managerial decisions.

While the rapid expansion of oil palm in PNG over the past 30 years initially took place on alienated land, expansion over the past 12 years has occurred almost exclusively on customary land under a variety of tenure arrangements and production models. Smallholders in the Solomons have also recently started to produce palm oil on customary land as part of the Guadalcanal Plains Palm Oil Limited (GPPOL) out-growers scheme, which is based on the nucleus estate model that has worked well in parts of PNG. According to the Central Bank of Solomon Islands, production from the out-growers scheme has contributed significantly to the overall expansion in palm oil production in recent years.

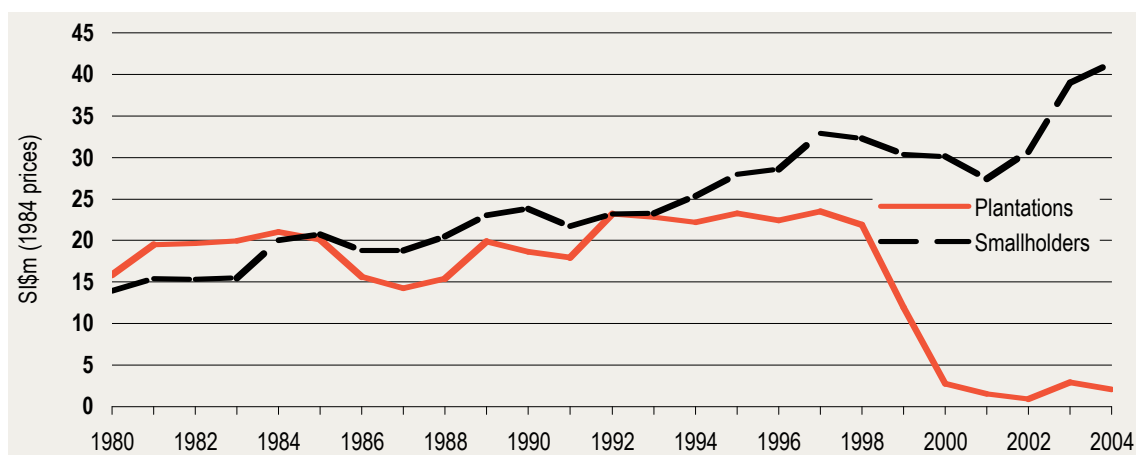


Figure 1: Smallholder and plantation production in the monetary sector, 1980-2004 (SIS million)

Note: Includes palm oil and kernel, cocoa, copra, rice, smallholder livestock and other smallholder activities. Source: Warner (2007).

There is also strong evidence from PNG, the Solomons and Vanuatu suggesting the expansion over time in the production and sale of a large range of domestically-marketed commodities including food crops, betel nut and tobacco. The growth in production of both domestically-marketed crops and smallholder export tree crops strongly challenges the claim that agricultural development has not been possible on customary land.

Subsistence Food Production has increased through Intensification, not Expansion

Another common misperception amongst neo-classical economists is their belief that because farmers in Melanesia have been unable to increase productivity, the only way they have been able to increase food supply is by expanding the area being cultivated at a rate equivalent to population growth. There is no evidence to support this position. In fact, there have been strong gains in productivity in the subsistence sector.

While there has been some expansion in the area of land used for food gardens, this has been coupled with both agricultural intensification and innovation, which has enabled gains in productivity. The primary means by which farmers have been able to increase production relative to land area has been by decreasing fallow lengths and increasing cropping periods in the shifting cultivation bush fallow system.

In PNG, while population doubled over the period 1975-1996, the area used for village food production increased by only 11 percent (McAlpine and Freyne 2001). Farmers were able to produce almost twice as much food from the same amount of land. Given similarities in agricultural systems across Melanesia, it is likely that Solomon Islands has undergone a similar intensification. In other words, there have been significant gains in productivity in the subsistence sector and these gains have occurred on customary land.

Melanesians will have to continue to intensify their land use and to find ways to counter declining soil fertility as the combined pressures of subsistence agriculture, cash cropping, logging and population growth cause land shortages in some areas. To date, however, farmers have been able to find innovative solutions to these land use problems – such as the adoption of agronomically

superior food crops (like sweet potato and cassava) and the use of soil fertility maintenance techniques. There is no reason to doubt that they will continue to do so.

The Potential for Commercial Agricultural Development is Limited

Neo-classical investigations of land and agricultural development in the Pacific Islands sometimes exhibit a very poor understanding of the agro-ecology of the region, and tend to overemphasise its agricultural potential as a consequence. For example Sodhi, echoing the earlier imagery employed by Hughes, alludes to “Solomon Islands’ rich agricultural land” as if there is almost unlimited potential for the production and export of ‘niche commodities’ (which could only be realised under an appropriate land tenure regime). In fact, much of the land throughout the islands of the Solomons, and elsewhere in Island Melanesia, is mountainous, infertile and very wet and therefore unsuitable for commercial cash crop development. In many areas, rainfall is too high for the optimum production of export cash crops such as cocoa or vanilla.

There are also difficulties involved in exporting so-called niche commodities to Australia and elsewhere. Pacific islands face constraints due to smallness, remoteness and weak domestic and international transport connections, as well as formidable Australian quarantine restrictions on the import of agricultural commodities from the Pacific. Tsunamis, cyclones and hurricanes, as well as blights of various types, frequently interrupt the supply of Pacific agricultural commodities, encouraging Australian retail giants to look elsewhere for steadier sources of supply. It is naïve to believe that a market-led agricultural development miracle will occur simply if customary tenure is abolished.

Recording, Registration and Leasing

While acknowledging the on-going success of smallholder agriculture, there is also clearly a need for land tenure arrangements that allow customary land to be leased for commercial agricultural development, while at the same time maintaining and protecting customary group ownership. Importantly, the demand for such arrangements comes from landowners as well as from governments and developers. However, there is a degree of confusion about what is and is not possible, in terms of register-

ing land for commercial agricultural development, under the current property laws of PNG and Solomon Islands. Sodhi, for example, states that while leases are “theoretically possible” under existing Solomon Islands property law, in practice they are not possible because “there is no land registration” (2008:8). In fact, the 13 percent of land in Solomons that is alienated *is registered* and administered under the *Lands and Titles Act (1969)*. Since independence in 1978 some of this land has been returned to tribal groups as ‘perpetual estates’. This land is referred to as ‘registered customary land’, of which there are around 90 instances known to date.

Moreover, some previously alienated land that has returned to customary ownership has been successfully leased for the purposes of large-scale agricultural development. The Guadalcanal Plains Palm Oil Limited (GPPOL) operation is a case in point. The company holds a 50-year lease agreement with customary landowners representing five different landowning groups. Production commenced in early 2006 and estimates for 2007 indicate that the value of palm oil exports will surpass that of tuna, which would make it the Solomons’ second most valuable export commodity after timber.

Finally, even in the case of customary land that has never been alienated, it is still possible (albeit cumbersome) to record and register customary land under the current legislative framework, and there are some instances of this having occurred (see Corrin Care 2002 and Sullivan 2007).

In PNG, the lease, lease-back provisions of the *Land Act 1996*, in concert with the *Land Groups Incorporation Act 1974*, effectively enable the registration of parcels of customary land in the name of landowning groups, and the subsequent lease of those parcels to developers for large-scale agricultural projects. Under this process, the State leases a defined parcel of land from customary landowners, whose legal entity is an Incorporated Landowner Group, and then issues back to landowners a lease that is registered under the *Land Registration Act 1981*. This instrument has been used successfully in the commercial oil palm industry in West New Britain Province, where it has enabled a significant expansion of joint venture ‘mini-estates’ on customary land over the past ten or so years.



Women stacking oil palm in West New Britain, photo courtesy of George Curry

In the Solomons, customary land has recently been recorded in the Auluta Basin in East Malaita, with a view to future possible registration (under the name landowning groups) and leasing for commercial palm oil development. Evidence to date is that this land recording project, which was supported by AusAID and conformed with the requirements of both the *Land and Titles Act 1969* and the *Customary Land Records Act 1992*, has been successful. Even if the oil palm development never eventuates, the project nevertheless stands as evidence of the successful recording of customary land under the existing legislative and administrative regime.

It is important to note that robust land tenure arrangements which allow customary lands to be leased for commercial development are not simply a matter of specifying property rights, as the institutionalists urge. On New Georgia, dissatisfaction with the outcome of the *North New Georgia Timber Corporation Act 1979*, which transferred timber rights from the State to a landowners’ corporation - effectively enabling the granting of commercial logging concessions - culminated in around 2000 villagers overrunning and causing significant damage to a Levers Pacific Timbers logging camp in 1982 (Corrin Care 2002:210). Similarly, on Anuha Island in Central Province, landowners who had voluntarily registered their customary land and leased it to an Australian resort developer subsequently fell out with the lease holder over compensation and access issues. The disagreement culminated in landowners briefly and forcibly seizing control of the

resort in 1987, and the resort was later burnt down in an act of arson (Corrin Care 2002:210).

On the Guadalcanal plains, the largest area of arable flatland in the Solomon Islands group, extensive freehold estates existed prior to the 1998-2003 conflict. During the Isatabu uprising, Malaitan settlers were evicted from these areas by Guales, whether on registered, freehold or customary land. Unless development occurs in ways that are acceptable to local communities, land tenure arrangements are unlikely to generate those 'stable property rights' that neo-classical economists nowadays urge as critical prerequisites for economic growth.

Conclusion

This paper has sought to question claims that customary land tenure is antithetical to economic development. It has shown that much agricultural development and innovation has taken place on customary land under existing regulatory regimes, including large-scale commercial plantation agriculture.

In light of the widely acknowledged importance of land in Melanesia as a source of spiritual as well as material sustenance, and as a key determinant of group identity, any attempt to introduce large-scale privatisation and individualisation of land tenure would be likely to have deeply corrosive social consequences. The introduction of a system of freehold or individual title could also lead to sharp socio-economic differentiation and, in the long term, the emergence of a landless peasantry. There are other preferable methods of increasing agricultural productivity, which are more likely to yield sustainable increases in community living standards without entailing serious social disruption.

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