



Submission

to

Senate Standing Committee on Foreign Affairs,
Defence and Trade

**Inquiry into the economic and security challenges facing
Papua New Guinea and the island states of the
southwest Pacific**

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1. Introduction

AID/WATCH is an independent not-for-profit organisation, which monitors Australian aid and trade. AID/WATCH works alongside communities and organisations in developing countries to ensure that aid delivers poverty-focussed outcomes and meets the needs of communities. AID/WATCH has worked closely with organisations in the Pacific, particularly in Papua New Guinea over a number of years on development issues and land.

2. Barriers to Trade, Foreign Investment, Economic Infrastructure, land ownership and private sector development.

2.1 Land Ownership

Any Australian government involvement with changes to land ownership systems in the Pacific needs to be carefully considered. In Melanesia land is integral to the workings of social cohesion, food security, cultural production and ecological management. For this reason land reform has proved a most contentious issue. In Papua New Guinea's case, previous attempts to introduce customary land reform have met civil society unrest and in 2001 saw the killing of four student protestors in Port Moresby. The current land system in Vanuatu, having already undergone some reforms, facilitates the issue of 75-year leases, predominantly to property developers. These residential and commercial developments rarely benefit local people, preventing them access to traditional lands and at times result in difficulties securing back their land when lease terms have expired. Whilst the new land laws implemented by the government were able to contribute to Vanuatu's cash economy they have gradually marginalised the local indigenous population.

The two fundamental principles of the Australian government approach to this issue have been stated by the Hon. Bob McMullan as: first, Australia will only support reforms that recognise the continuing importance of customary tenure; and, second, land policy reform must be driven by Pacific island governments and communities, not by donors¹. These two principles are a positive indication that Australia will listen to Pacific community voices. Sincere and widespread community and landowner consultation prior to embarking on any land reform initiatives is vital to ensuring appropriate policy making. It is important to emphasise that a 'bottom up', speaking directly with communities and civil society organisations as opposed to a 'top down' approach, working predominantly with governments will achieve better outcomes and avoid conflict produced by inappropriate land reform initiatives.

¹ "Australia to work with Pacific on land policy reform", Media Release AA0843, 12 June 2008
http://www.ausaid.gov.au/media/release.cfm?BC=Media&ID=4312_6085_8808_3679_6624

It is recommended that the Australian government does not include customary land registration in the Pacific Land Program. Land is the most important asset in Melanesian society, which supports livelihoods even in the absence of cash and government services. AID/WATCH consultation with local Non Government Organisations in Papua New Guinea, working closely with rural communities has identified numerous problems associated with customary land registration. These include but are not limited to:

Corruption and Governance

- Corruption in government agencies. This is already a significant problem in the administration of Papua New Guinea's 3 percent alienated land through the Department of Lands and Physical Planning.
- Land Conversion favours the corporate sector and those with the capital to invest. This is the current case regarding land titles in Port Moresby, which predominantly go to multi-national companies and Asian businesses.
- Customary Land Tenure Systems act as Land Security for Melanesian people. Registered lands are prone to fraudulent titling and abuse.
- Incorporated Land Groups (ILGs) are prone to abuse as evidenced in Forestry, Mining and Petroleum and Gas projects. The ownership and control of the Incorporated Land Groups are different. Ownership can be with the land groups but not the control of the land.

Ineffective and expensive Court system

- The current Court System is ineffective and expensive. It is slow and difficult for communities to access.

Development Priorities

- The emphasis of Papua New Guinea's Medium-Term Development Strategy and Long-Term Development Strategy is economic development. The number one priority for development in PNG should be its people –high illiteracy levels in the country deny the majority of people to participate in the development.
- The Medium-Term Development Strategy and Long-Term development Strategy do not cater for informal economic programs, which in fact form a major part of the Papua New Guinean economy. Many people's livelihoods depend on selling produce from their customary land such as copra, cocoa, coffee and garden produce. Formalising customary land titles and increasing

multinational corporations and business access to land would place such livelihoods under threat and is likely to lead to land alienation.

- The Customary Land Tenure System allows for User Rights for all the clans in a community. For example, one clan can own a forest area and other clans can use it for hunting, collecting firewood, housing materials and accessing rivers and waters. Formal land titles do not allow this. User Rights are a crucial to people's livelihoods and to ensure land is for collective use and benefit.
- Under Customary Land Tenure, the system of ownership remains flexible. It allows relationships between different clans in a community to be maintained. When clans are forced into Incorporated Land Groups (ILGs) under the current development model promoted by the Papua New Guinean government in its Medium Term Development Strategy and Long Term Development Strategy, land ownership becomes more rigid. ILGs promote individualism as opposed to the traditional social relationships that exist under the Customary Land Tenure System.

Recommendation: The Australian government exclude the registration of customary land from the Pacific Land Program. Instead the program should strengthen existing local community and Non Government Organisation initiatives to mediate land conflict and ensure land and food security in the Pacific.

Recommendation: In the case of Papua New Guinea it is recommended the program support the current Customary Land Tenure System and the trial of any new mechanisms and policies on the currently state administered 3 percent alienated land.

Recommendation: The Australian government support civil society calls for the establishment of an Independent Commission Against Corruption (ICAC) in Papua New Guinea. Such a body must have prosecuting powers to adequately address corruption, which is impeding development and service deliveries in Papua New Guinea.