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SABL hearings for Gulf Province begin in Port Moresby

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Posted by **roderick**

The Commission of Inquiry (*"the Commission"*) into the issuance of the Special Purpose Agriculture and Business Leases (SABL) for the Gulf Province began in Port Moresby today (Monday 28/11/2011).

The Commission heard from one Mr. Koaru, a Lawyer by profession and Project Co-ordinator for the Kerema-Meporo Agro Forestry project, who had been summoned before the Commission to give evidence, how a family company comprising Mr. Koaru, his brother and his daughter had been converted into a Landowner Company by way of a name change to Koaru Resource Owners Company Limited to hold interest for the Landowners in the project.

The Commission also heard that the Landowners had requested the 50 shares held by Mr. Koaru to be held in trust for them, which Mr. Koaru said had been done. However, Mr. Koaru was only able to produce a Trust Declaration and not a Trust Deed, essentially meaning the shares were still legally owned by Mr. Koaru.

In his evidence, Mr. Koaru also stated that there was only one (1) Incorporated Land Group (ILG) comprising four (4) different Clans within the resource area. When pressed further by the presiding Commissioner, Mr. Koaru said that there were two tribes - Keipi and Kamea of which these 4 clans belonged.

It is understood the project was initially commissioned by the Gulf Provincial Government through the then Provincial Governor Mr. Chris Haiveta. By all indications from a Post Courier newspaper report on 08th of April 2008, Dato Cheong Kim Hock, a Malaysian-born Chinese and 50 year resident of Singapore, whose company Pacific International Resources (PNG) Limited was appointed Developer of the Kerema-Meporo Agro Forestry project, was a long time friend of the former Prime Minister, Grand Chief Sir Michael Somare and it was he who had introduced Dato Cheong to the then Governor for Gulf Province Mr. Haiveta.

Mr. Koaru, in response to questions by the Counsel for the Commission and presiding Commissioner, said that the piece of land marked Portion 323 C was leased back from the State for 99 years and leased to the Developer for 90 years. He also stated that under the Sub-lease and Development Agreement, the Developer would pay 10% of its net profits to the landowners for the first 15 years of the project and thereafter, 15% for the remainder of the life of the project.

The presiding Commissioner, Mr. Alois Jerawai, in his remarks after the evidence given by Mr. Koaru, said that despite the fact that the project is yet to commence, there were already possible irregularities and that Mr. Koaru as the Project Coordinator should take steps rectify the Agreement or have it rescinded on the basis of those possible irregularities. The three possible irregularities identified by Commissioner Jerawai were that:

1. The Format of incorporating ILGs by the Department of Lands and Physical Planning which Mr. Koaru had followed was inadequate and did not allow for Landowners to sign off on the Land Investigation Report before the SABL was issued;
2. The processes leading up to the eventual signing of the Agreement failed to ensure Landowners participated with full knowledge/understanding of the implications of the documents they were signing; and,
3. The Agreement which gave the landowners 10% and after 15 years, 15% of the net profit was not in the best interest of the landowners because it gave the developer room to manipulate the agreement by failing to declare profits, potentially for the life span of the project. Commissioner Jerawai gave Lihir Mine in New Ireland Province and the South Seas Tuna project in the East Sepik Province as glaring examples. He suggested that they make the profit sharing to be part of the Gross profits and NOT the Net profits.

Furthermore, Commissioner Jerawai also urged those landowners who wanted to alienate their land from this project to come forward and make it known during the hearing.

Mr. Sevesoa Amaso of Lelefiru village (pictured), representing Larifi and Kaipu clans and others took the witness stand and stated that the clans and



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villages he represented, having now fully understood the implications of the SABL, objected to their land being used in this proposed project.



The hearing continues.

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