

FOOD CRISIS AND THE GLOBAL LAND GRAB

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PNG land scandal

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PNG land scandal

Logging companies in PNG are using special agricultural leases to clear vast tracts of rainforest timber, on the promise of roads and economic development for remote villages. **Jemima Garrett** investigates.



http://farmlandgrab.org/uploads/attachment/bbg_20121014_0805.mp3

Transcript

(Bird calls)

Jemima Garrett: In the rainforest of Papua New Guinea, a Greater Bird of Paradise prepares for its daily mating ritual. David Attenborough once described this ritual as one of the most thrilling sights in nature. Here in the Western Province of PNG, the birds do their mating dance at the same location, at the same tree, year after year. These are among the most remote, pristine forests in the world, but that's about to change. An Australian-led company has tied up a land use deal over more than 2 million hectares to clear swathes of forest for a road built from one side of the country to the other.

Hello, I'm Jemima Garrett. This week on *Background Briefing*, the controversial leases that have allowed logging companies to secure millions of hectares of rainforest, and how one company managed to convince traditional owners to hand over their land.

Dina Gabo: When we heard about the company building a road across that way we were happy, because that's what we needed. That's how we thought.

Walama Painama: The village people said, 'We believe in white man.' And I'm repeating what they said. 'We believe white man.'

Jemima Garrett: One of the great success stories of Papua New Guinea is that unlike many other developing countries, almost all the land is still controlled by traditional landowners. But in just a few short years, a rush of land leases, known as 'Special Agricultural and Business Leases' or SABLs, has resulted in more than 5 million hectares being alienated.

The leases are intended for small agricultural developments, not for logging, but they've been rorted by the logging industry. Some of the first leases to be signed over were in East Sepik Province. There, forests dominated by the much sought-after hardwood tree Kwila have been logged, ostensibly to make way for oil palm plantations. One company, Sepik Oil Palm Plantations Limited, has leased a total of 116,000 hectares around the Turubu district, where Deane Woruba comes from.

Deane Woruba: It's a beautiful place: pristine waters, great surf. Life in the village is very simple. People survive on sago palms, which grow on swamps along the rivers that come down. My particular area is very blessed, because we've got huge rainforest and then backdrop right into the sea, so we get the best of both the bush and the coast. So, it's a very special place.

Jemima Garrett: Your father set up a nature reserve in your area. Has that area been logged?

Deane Woruba: That's the area they're trying to move into now. They've tried for many years, tried to come across our area. And I think what was unique about our forest was the native hardwood species called Kwila. We have tonnes of it on our particular part of East Sepik.

Jemima Garrett: Kwila is a towering rainforest tree, and it's a species that's under threat—so much so that non-government groups want it listed under CITES, the Convention on the International Trade in Endangered Species. Under forestry legislation, Papua New Guinea's timber industry is subject to a rigorous approval process. Trees may only be taken using selective logging, which leaves most of the forest intact. But on Special Agricultural and Business Leases, land can be clear-felled to make way for crops and farms.

Strict rules are supposed to apply to the granting of SABLs. The clearing should be done by agriculture companies, but in reality it's largely being done by logging companies. Kenn Mondiai is the former chairman of the 27-member peak environment organisation, the PNG Eco-Forestry Forum.

Kenn Mondiai: I've been there onsite myself, but in June. And I have seen a lot of damages that's taken place. And so it is very serious. I believe the other sites in PNG are also worse, far worse off than what I've seen up in Turubu in East Sepik.

Jemima Garrett: So what did you see in East Sepik in Turubu?

Kenn Mondiai: At the Turubu log export site I saw it was like a clean-cut operation. Ninety per cent of the timber standing on the log landing were Kwila, Kwila logs. And so it's like the company went in there purposely to cream the forest of all the Kwila timbers. And there was no other timbers on the beach. And so it was the company was not serious in developing the area as an agro-forestry project.

Jemima Garrett: In May last year, community outrage over the rorting of Special Agricultural and Business Leases prompted the Papua New Guinea government to set up a Commission of Inquiry into how so much land had been leased and how, across the country, rules had been flouted.

Independent writer, Martyn Namarong travelled with the commission to its site visits in Turubu. What he saw suggested Sepik Oil Palm did not need to be logging the rainforest to create its oil palm plantation.

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Martyn Namarong: The investor, Sepik Oil Palms Limited, had essentially imported oil palm seedlings and gone and planted them in anticipation for the visit by the Commission of Inquiry team. The plantation itself was new, relatively new, in the grassland; meanwhile, vast majority of the company's activities were happening in the forested areas. So they were logging, and there was no justification for getting a forest clearance authority for agriculture purposes when they were actually planting oil palm in the grassland. And so, obviously, one can come to the conclusion also that agriculture was used just as a disguise for logging outside of the National Forest Act.

Jemima Garrett: As other countries close down the export of raw logs in favour of local processing, logging on Special Agricultural and Business Leases has pushed PNG's exports to record territory. Papua New Guinea is now the world's second biggest exporter of raw tropical logs and it is fast catching up with Malaysia. In Port Moresby, the PNG Chapter of the anti-corruption group Transparency International has been taking a close interest in the unfolding SABL story. Lawrence Stephens is Transparency's chairman.

Lawrence Stephens: This is an opportunity by people who are well resourced and who see massive opportunities to make huge amounts of money to get in there and grab as much as they can. The drive is the value of that timber. Huge, huge profits can be made and very, very quickly.

Jemima Garrett: Corruption is widespread in the government process for granting SABLs, says the Eco-Forestry Forum's Kenn Mondiai.

Kenn Mondiai: It starts from the time when the SABL is issued, when the negotiations take place with the landowners in order to acquire the rights, for the Lands people to be involved. So SABL corruption plays a very, very big part. It starts basically from the Lands officer to the Agricultural officer to a few key landowners that claim to have ownership over the land, and then it comes up to Forestry. And Forestry, I believe they play the last part in terms of issuing the Forest Clearance Authority for the felling of the trees. But they are also fully responsible. So corruption starts from the very beginning to the end. It's everywhere.

Jemima Garrett: Hundreds of thousands of hectares of forest under Special Agriculture and Business Leases is pristine, never touched by the logging industry.

William Laurance: The forests of Papua New Guinea are just, you know, right up there with the most biologically rich forests anywhere on the planet.

Jemima Garrett: Professor William Laurance from James Cook University is an Australian laureate and a former president of the International Association for Tropical Biology and Conservation. He says PNG's forests are of global significance.

William Laurance: They're one of the world's three great remaining rainforests along with the Congo and the Amazon. And they've got not only a very high richness of species—I mean, they could have up to 25,000 plant species living there, incredibly diverse assemblages of all kinds of things: Birds-of-paradise, tree kangaroos—I mean, any group you want to name, they've just oftentimes got, incredible richness of species—but also they have a lot of so-called endemic species.

Jemima Garrett: By far the largest and most significant tracts of untouched rainforest are in Western Province. It's here Independent Timbers and Stevedoring, a Papua New Guinea-registered company with Australian and United States shareholders, has stitched up a deal for access to more than 2 million hectares of land. The scale of the deal is hard to get your head around. Two million hectares is 20,000 square kilometres; that's almost double the size of all the land on the 82 islands of Vanuatu or around a quarter the size of Tasmania.

(Singing)

When *Background Briefing* visited Western Province it was Independence Day. Traditional sing sing groups from across the country joined the locals for a dance festival.

(Singing)

Dancer: We put our costume because we want to represent our culture.

Jemima Garrett: And you've got fantastic feathers in your headdress. What sort of birds do they come from?

Dancer: Um, Bird of Paradise, cuscus...

Jemima Garrett: So you've got animal skin as well as Birds-of-paradise feathers.

Dancer: Yeah, yeah.

Jemima Garrett: And I can see that your headdress, the man's headdress, is different. You've got big black feathers coming out of the top. What are they?

Woman: That's cassowary. We take it from cassowary.

Jemima Garrett: Do you have lots of cassowaries in your area?

Woman: Yeah, of course.

Jemima Garrett: Independence, is that important to you guys?

Woman: Yeah, yeah. Independence means to us that our country got free.

(Forest noise)

Jemima Garrett: Independent Papua New Guinea stands out. Until eight years ago, 97 per cent of its land was still controlled by traditional landowners. Since then, 11 per cent of the country's land mass has been leased out under Special Agriculture and Business Leases. If you take a motorised canoe up the Fly and Ewale Rivers from Western Province's administrative capital of Kiunga, it'll take three hours to reach Drimskai village. That village and over a hundred more have now been leased out for 99 years.

Samuel Kapuknai is from Drimskai. He took me into the forest just near Kiunga, where the leases begin, to see what's under threat and to get a glimpse of the Greater Bird of Paradise.

Samuel Kapuknai: That's the Hooded Butcherbird. Far in the background is the actual Greater Bird of Paradise calling.

Jemima Garrett: We've just come up a muddy track through the thick forest. What have we come into and what do we see in front of us?

Sean Kay: This is the place where Greater Bird of Paradise display site, which is up on the tree. You can see the Bird of Paradise displaying. There's two types of birds that you can see. That's the bright yellow is the Greater; the orange is the hybrid of Greater and Raggiana display.

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Jemima Garrett: They've got beautiful yellow tails and they're hopping around between the branches. What are they trying to do?

Samuel Kapuknai: This is a place where they come and do their display, actually for mating purposes. That's how they mate, and then after maybe next 20 minutes then they will be gone.

Jemima Garrett: At this spot in the forest I saw a bird and a display that David Attenborough waited 60 years to see.

(To Samuel Kapuknai) Is this forest like the forest around where your village is?

Samuel Kapuknai: Very much similar like what we have in my village, yeah.

Jemima Garrett: What do the people in your village use the forest for?

Samuel Kapuknai: Many things. Especially here, the people here are not very much on cash crops. They heavily depend on what nature provides, which is the subsistence farming life. They just go out into the forest and they get what forest provides them daily. So it's entirely their life.

Jemima Garrett: Building materials, food and medicine all come from the forest. These villages are so isolated, they have no way of getting crops to market, and they're among the poorest in Papua New Guinea. Dina Gabo is a community leader from Sodiobi village, near Nomad.

Dina Gabo: At the moment there is no road built for a vehicle to drive from here all the way to Nomad or to my village. People are still walking. They have to take four days and three nights or four nights walking from my village and from Nomad station down to Kiunga for shopping and all that, because there is nothing that they could buy from Nomad.

Jemima Garrett: So what does that mean if someone needs to go to hospital or the kids need to go to high school?

Dina Gabo: The schoolchildren coming down to Kiunga for high school, they walk three nights or four nights on the way before getting down to Kiunga and then they come to school.

(Singing)

People died from snakebites and from all kinds of sickness, you know, because they cannot quickly get to the hospital because of lack of roads. To get them on the plane to fly them across to Kiunga or Rumginae they have to wait for some days. And while waiting the sick man or woman dies.

Jemima Garrett: An audacious plan took shape to carve a highway out of the virgin jungle. An Australian-led company, Independent Timbers and Stevedoring, promised to build it.

Dina Gabo: When we heard about the company road, building a road across that way, we were happy because that's what we needed. I mean, people really need; to bring in the development into places like Nomad, we need a road first. That's how we thought.

Jemima Garrett: The highway would run hundreds of kilometres from Kiunga past the government station at Nomad and on to Kairuku in Gulf Province before heading for Port Moresby. Independent Timbers and Stevedoring CEO, Neville Harsley, told landowners he'd build the highway in return for harvesting the logs along the route. But as time went by, the original plan grew. From a road corridor of 40 metres—20 each side of the carriageway—to a corridor one kilometre each side, to five kilometres and then to a plan for leases for all the land in the area: over 2-million hectares.

(Sound of rainstorm)

Land in Papua New Guinea has an almost sacred status. Because of that, the official process for leasing land under Special Agricultural and Business Leases is complex and designed to ensure that landowners know what's going on and give their consent. Officers from the Lands Department are supposed to do a detailed lands investigation. That involves meeting landowners onsite, walking the boundaries to ensure everyone knows what land is to be leased, and checking landowners approve the lease. Once the government has the permission, it takes control of the land. As the guardian of landowner interests, the government then negotiates the SABL. Colin Filer, Convenor of the Australian National University's Resource Management in Asia Pacific program, explains:

Colin Filer: Basically, you've got this very large area of land which has been leased by customary landowners to the state and then leased back to some corporate body, theoretically, of which they approve. And those leases, mainly for 99 years—which means in effect, according to the law, that the land has been alienated from customary ownership for that period of time.

Jemima Garrett: The Special Agricultural and Business Lease is usually granted to a landowner company and that company goes into joint venture with or subleases the land to a developer. In this case, the developer is Independent Timbers and Stevedoring. Dina Gabo was foundation chairman of Tosigiba Timber Group Limited, the landowner company which was involved in taking out an SABL over more than 600,000 hectares of land to the east of Kiunga.

Because of the transfer to government and back to the landowner company, SABLs are also known as lease-leaseback agreements. In February 2009, Dina Gabo signed a fateful document.

Dina Gabo: The document I signed in 2009 was the lease-leaseback agreement, thinking that we were only talking about leasing that 40 metres road corridor only without realising we were leasing all of the land.

Jemima Garrett: Who prepared the document and did they explain it to you before you signed it?

Dina Gabo: The document was given to us by Neville Harsley and I believe it could have been from one of his officers, or surveyor. I don't know who did it. But no one has explained to us properly about this lease-leaseback agreement.

Jemima Garrett: It was a clear conflict of interest for Independent Timbers and Stevedoring to take over much of the lease-leaseback agreement process. That should have been conducted by the government. It was many months before Dina Gabo discovered that he'd signed over all the land of the 81 communities he represented and that of many more communities that are shareholders in Tosigiba. By that time, IT&S CEO, Neville Harsley, wanted him to sign the next piece of paperwork, the Trans Papuan Highway Project Agreement. But Dina Gabo was more concerned with the size of the lease he'd already signed.

Dina Gabo: When I found that the title covers all of Nomad LLG area, using the provincial boundary between Southern Highlands, I said, 'No, this is not what I requested for.' So I said, 'There's something wrong there.'

Jemima Garrett: And what did you do when you discovered that so much land had been leased?

Dina Gabo: I wrote to IT&S and asked Neville to come down with the agreement, with the lawyer, pick

me here—Kiunga—and then we'll go to Nomad, and explain to us about why covering all of the area with the lease, explain it to us about the content of that project agreement—how it's going to help us. But Neville refused and said, 'You just come and sign the agreement.' Then I said, 'Neville, I'm not coming to sign the agreement. There's something wrong there.'

Jemima Garrett: As Chairman of Tosigiba Timber Group, Dina Gabo refused to sign the project agreement, so Independent Timbers and Stevedoring turned to another landowner, Soki Samisi, who was a Tosigiba Director. Dina Gabo again:

Dina Gabo: When I refused to go and sign, they flew him down, then they got him sign, not as the chairman of the Tosigiba Timber Group Limited but as a director.

Jemima Garrett: Did he have the authority he needed to sign that document?

Dina Gabo: I have never given him authority. But just to cover off what they did, after signing they came back, they went and had a meeting without my presence—they went and had a meeting in Nomad—and then appointed Soki Samisi as acting Chairman just to meet the requirement, because they signed the agreement outside of my authority.

Jemima Garrett: Independent Timbers and Stevedoring's role in sidelining Dina Gabo was an attempt to put itself in the driver's seat of the crucial landowner company. This is not unusual in the logging industry, where landowner companies have a history of being unrepresentative and compliant partners to developers.

Colin Filer: Landowner companies are really just names and signatures on a piece of paper.

Jemima Garrett: Dr Colin Filer, from the ANU, has tracked these activities for many decades. He says PNG's landowner companies are easily manipulated.

Colin Filer: There's no clear accountability, they normally have no assets, it is not possible for the body that theoretically regulates them to know whether the directors are representative of the shareholders or not, and the directors can be changed by means of a meeting whose validity also is unknown to the regulating authorities.

Jemima Garrett: Why is it so easy for developers to get a hold of these companies?

Colin Filer: Well, all they have to do is to persuade a small number of individuals to organise what purports to be a meeting of shareholders to agree to something that they want to do. There is nobody trying to hold these landowner companies to account unless it be their shareholders, who often don't even know that they're shareholders.

Jemima Garrett: And often aren't literate.

Colin Filer: Yes, they're not literate. So you find thumbprints on these company registration documents and it's hard to know what those thumbprints represent.

Jemima Garrett: The 632,000 hectares of land controlled by Tosigiba was only part of what Independent Timbers and Stevedoring was after. It arranged for another landowner company, NEWIL, North East West Investments Limited, to take out two Special Agricultural and Business Leases. They totalled more than 619,000 hectares. Dringgas village, 45 minutes from Kiunga, is where the Trans Papuan Highway is supposed to start cutting into the forest. It sits within NEWIL's lease.

(Sound from village)

When *Background Briefing* visited, the village was tense. People still want the road, but they're scared about what's happened with the SABL. About 50 people gathered around as village chairman, Jack Kwani, explained their predicament.

Jack Kwani: At the moment most of the landowners here, they are not really aware of what is really SABL and the effect of it. The bad side of it, the good side of it, we are not really clear.

Jemima Garrett: When these leases are made, officers from the Lands Department are supposed to come and consult your people and walk the boundaries. Have you seen any officers from the Lands Department before this Special Agricultural and Business Lease was let?

Jack Kwani: At the moment we are not really sure who has put us on the list. Our lands have been on the list for SABL, we're not really sure. And even the landowner companies, or the Lands officers, they never come around.

Jemima Garrett: So have you had any officers from any government departments come to consult you about the leasing of your land?

Jack Kwani: Nothing.

Jemima Garrett: Do you know how it will affect your people?

Jack Kwani: I don't know. I, as a chairman, I should know and my people should know, but because there was no awareness we have no idea about that.

Jemima Garrett: Have you ever met Neville Harsley?

Jack Kwani: Only the time that he came here. Several times we had a meeting, but nothing about the SABL has been mentioned.

Jemima Garrett: What did he tell you when he came here?

Jack Kwani: He wanted to build a road. He wanted to build a road. And on the corridors only he will carry on with the agriculture projects. Only for one kilometre but not beyond that.

Jemima Garrett: Jack Kwani and the people of Dringgas village had heard nothing about extending agriculture projects out to five kilometres from the road, or about the lease over all of their land. Samuel Kapuknai, who took me to see the Birds of Paradise, was a director of NEWIL when it took on the lease over Dringgas village and more than 50 other communities. The first he knew of the plan was when it was made legal by being published in the Papua New Guinea government gazette.

Samuel Kapuknai: For them to acquire the whole entire land I never knew it until after the gazette. It was surprising to me and it's just like hanging me up, just like killing me.

Jemima Garrett: What will it mean for your community?

Samuel Kapuknai: Actually for my community they don't really understand what it means by gazetta and what it means by 99-years lease. For me, when I see it's killing my people as well—I mean, it's entire, I don't know, 40 to 50,000 people. We really have to do away with Special Agriculture and Business. This is not right.

Jemima Garrett: At the Commission of Inquiry hearings into what took place in Western Province, Mr Kapuknai was presented with the application NEWIL made asking the Papua New Guinea government to grant the SABL. On that document, under his name, was what purported to be his signature.

Samuel Kapuknai: That was not my signature.

Jemima Garrett: Had you seen that document before it was shown to you at the Commission of Inquiry?

Samuel Kapuknai: Not to my knowledge, no.

Jemima Garrett: When did you resign from the landowner company NEWIL and why?

Samuel Kapuknai: Ah, when... I resigned as soon as I realised that it was gazetted and I just realised that... I realised that it was not in the best interests of the majority, so I had to resign.

Jemima Garrett: It's not just tens of thousands of landowners who've lost the legal rights to their land for 99 years. Airstrips, schools, health centres and other facilities have all been included in the new land titles under the Special Agricultural and Business Leases.

(Car travels along road)

It's a typically bumpy road to Rumginae Hospital, which is run by the Evangelical Church of Papua New Guinea. Until the church came to this part of the North Fly River in the 1950s and '60s, many people had never met a doctor or a nurse. Max Ako has been Administrator of the hospital for 22 years. He spoke to me over the hum of the hospital's generator.

Max Ako: We have two of our health centres right on the edge of the SABL boundary, which are Rumginae Rural Hospital, Sonai aid post up the river from here. There are... about nine of them are inside the SABL lease. We did not only put up aid posts, we also built airstrip and built stations and we feel that we've been there first and it would be bad for us to give away to somebody else.

Jemima Garrett: I notice some of the facilities here are run down. What happens when you apply for aid funding if your lease over the land is not certain?

Samuel Kapuknai: If the lease over the land is uncertain we can't get aid funding. That's going to be a problem for us.

Jemima Garrett: As the problems with Independent Timbers and Stevedoring's role in the granting of leases became apparent, in Port Moresby the PNG Chapter of Transparency International expressed concern. Chairman, Lawrence Stephens:

Lawrence Stephens: At one stage I made critical comments on radio about the 2 million hectares they've gained access to in Western Province and a proposal to build a highway from Kiunga to Kairuku. Somebody there took exception to that. I received threatening telephone calls from a number which I was able to trace. So it appeared that they're not surrounded by particularly nice people. Don't know what they're doing at the moment, but I presume they are really anxious to get their hands on 2 million hectares of timber in Western plus all that timber along the highway they propose to build 800 kilometres from Kiunga to Kairuku.

Jemima Garrett: A fourth lease for projects with Independent Timbers and Stevedoring was let to landowner company, Tumu Timbers Development Limited. At 790,000 hectares, the Tumu Timbers lease is the biggest of the lot, and it contains a timber resource of staggering proportions. In this area there's already a bad logging legacy. Neighbouring forests were logged by Malaysian company, Concord Pacific. The damage was so severe that Papua New Guinea's national court awarded landowners \$106-million compensation. They didn't get it. The company left PNG without paying. But Walama Painama, the Secretary of Tumu Timbers, is supporting the Independent Timbers and Stevedoring project. His focus is on getting a road.

Walama Painama: It takes three days three nights to walk from Balimo. Even take dinghy from Balimo all the way to river source, pull the dinghy and walk all the way, again, for three days.

Jemima Garrett: Why do you think IT&S will do a better job than previous logging companies?

Walama Painama: I will start from what the village people say. You know what? The village people said, 'We believe in white man.' And I'm repeating what they said. 'We believe white man.' So whatever they've seen, they know that IT&S will do better than other logging people.

Jemima Garrett: Because the other loggers were Asian loggers, is that what you're saying?

Walama Painama: Exactly. That's true. Asian loggers, they've been all around the Western Province area, in Western Province in Middle Fly especially. They've done no road networks. This one we strongly believe... everyone believes that this one, this IT&S, can do better—right from even a feeder road that goes through from there to Balimo will come to my village.

Jemima Garrett: The government is supposed to be the guardian of landowner interests, and the crucial land investigation report for the granting of SABLs is supposed to be done by the government's Lands Department officer in the province. But with the Independent Timbers and Stevedoring project, senior officers in Port Moresby took control and only handed the case back to the district lands officer when the time came to approve the documents. That lands officer is Imem Papa. He says he thought he was signing for a one-kilometre road corridor, not for more than 2 million hectares of land. IT&S, he says, misled him.

Imem Papa: The signing take place at Pacific View at 6 Mile, tenth floor, in IT&S office. They're renting a place.

Jemima Garrett: This signature that you put on the document was meant to be an entirely independent process conducted by the Lands Department. Why did the signing take place at the offices of the developer, who was to benefit from the signature that you were about to put on this document?

Imem Papa: The developer was actually spearheading all these processes in consultation with Lands Department. And they were talking to them, preparing all these land investigation report documents and SABL documents and all that. So while I was there they told me, 'All things are prepared and ready for you to sign.'

Jemima Garrett: Did you read the documentation you were given when you signed the lands investigation report?

Imem Papa: After I signed the document, later I realised, when the case came out, that all the entire region was covered by the SABL. I got shock! I said, 'That was never supposed to be.' And I blame the company for misleading the government of Papua New Guinea.

Jemima Garrett: You're an experienced land officer. Why didn't you realise that it was for much more land than had originally been intended?

Imem Papa: I was brought in to sign, with those officers—the IT&S officers, the surveyor—that did all our documentation. They said everything is in order for me to sign. So I said, 'Oh, it's a good project for the people. We initially went negotiation for that project and it's now progressing.' So I went ahead and signed, without knowing that they covered the whole region.

Jemima Garrett: What *Background Briefing* heard in Western Province raised many questions about the role played by Independent Timbers and Stevedoring in the process of moving land out of customary ownership and into the hands of landowner companies. I paid a visit to that same office on the tenth floor of the Pacific View Apartments in Port Moresby. IT&S CEO, Neville Harsley, was not there, so I spoke with Hudson Hape, the IT&S surveyor who was the key figure in preparing the land investigation reports and drawing the boundaries of the SABLs.

Mr Hape told me he too had been concerned about the size of the SABL, but was reassured when Neville Harsley told him this was the only way land could be made available for the road and agriculture projects IT&S hoped to bring to the people.

Hudson Hape: I spoke to our Chief Executive; I said, 'This land huge. What are we going to do with this?' And he said, 'No, it's the interests of the people to register customary land.'

Jemima Garrett: So whose idea was it to have the leases being so large?

Hudson Hape: It's the landowners.

Jemima Garrett: But I haven't spoken to any landowners who said they wanted that.

Hudson Hape: Most of these landowners, some of them are against each other—that sort of thing. So if you say something, others will all be supporting, others will go. You know, some of these guys who actually appeared on the Commission of Inquiry—I also appeared on the Commission of Inquiry—some of these guys were with us and suddenly they switched, because of leadership tussle. I have been struggling, I have been arguing with them, 'Put your differences aside. SABL is the only hope to get our people meaningfully involved in economic development.'

Jemima Garrett: Some of the landowners are concerned that Independent Timbers and Stevedoring has certain landowners in their control, that they've inveigled the landowners into coming onto your side ...

Hudson Hape: No, that's not true! You see, a number of landowners came here. They came here looking for money. We said, 'We don't have money. We won't to look after you people. You came on your own. That's not fair with people out in the bush there.' We don't operate that way. We're very transparent.

Jemima Garrett: I now had many questions for Independent Timbers and Stevedoring's CEO, Neville Harsley, not just about irregularities in the process and why so much land is needed for a road, but also about whether a logging company like IT&S has the capability to take on such a huge project. IT&S PNG has no experience in road building or agriculture. Its major shareholder, IT&S USA Inc., is registered in the tax haven state of Delaware and has no public profile, other than an agent who's willing to pass on letters to officeholders.

I called Neville Harsley at home in Queensland. He told me he'd had bad experiences with the media before and didn't want to comment. But *Background Briefing* has obtained copies of correspondence Mr Harsley sent to the PNG Eco-Forestry Forum. In that letter, Mr Harsley seeks to:

(Via reader) Clearly place our company's position out there and distance ourselves from other not so environmentally conscious companies.

He complains that other companies aren't receiving the same level of scrutiny for their activities.

(Via reader) Where is everyone when the oil and gas companies cut down seismic tracks, helipads, and rig sites? This is just a forestry mindset.

Mr Harsley says the joint venture agreements that give IT&S access to the 2 million hectares of land have terms of only 25 years, not 99 years, and can be reviewed after 14. In the letter he asserts the rights of traditional landowners are protected.

(Via reader) The landowner umbrella company is owned by incorporated landowner group shareholders, not a group of sleazy directors. But to protect the rights of the people, Independent Timbers and Stevedoring went to considerable lengths to protect by contract that all landowners had the right to live, hunt and fish on customary lands. We cannot remove them; their rights are protected by contract.

Jemima Garrett: The Papua New Guinea government's Commission of Inquiry into Special Agricultural and Business Leases had looked in detail at the activities of Independent Timbers and Stevedoring and taken eyewitness statements from many of the people who are appearing in this program. The ball is now in the court of Prime Minister Peter O'Neill. Since he was re-elected two months ago, Mr O'Neill has set himself a big agenda, with ambitious commitments to deliver economic development and to clean up corruption. Mr O'Neill told *Background Briefing* he expects to receive the finished commission report within the next few weeks.

Peter O'Neill: We have made some fundamental mistakes over the past few years. One of them is the Special Agricultural and Business Leases that has been given out by government over the past few years. That is taking away large chunks of land from traditional landowners.

Jemima Garrett: In some cases vast tracts of land, thousands of square kilometres taking in many communities, have been leased under single SABLs. Does it concern you that so much land is being tied up under the control of just a few individuals?

Peter O'Neill: It is a huge concern where many of our own people have been displaced without giving much thought. Many of them have not been advised properly on the consequences of such an arrangement. So as soon as we receive the SABL Report and Inquiry and the full recommendations of that Inquiry, we will take full charge and we will determine how we will move forward. One of those would be restricting the size of the special leases that have been handed out to people and making sure that the traditional ownership and traditional way of living are protected for our communities.

Jemima Garrett: Will you be prepared to act against leases that are too big that have already been made?

Peter O'Neill: Of course. If that is the recommendations of the Inquiry we will implement the Inquiry's recommendations fully.

Jemima Garrett: Prime Minister O'Neill admits some of the more than 70 SABLs under investigation will have to be referred to PNG's anti-corruption taskforce. Lawrence Stephens, Chairman of the PNG Chapter of Transparency International, says Mr O'Neill will need to be strong and determined if he is to succeed in getting logging interests out of SABLs.

Lawrence Stephens: My experience tells me that the logging industry has been very, very significantly involved in any effort to get their hot little fingers onto the forests. It came close to the assassination of a judge at one stage, during one inquiry, and we're familiar with the logging firms in fact actually drawing up legislation which is put before parliament, we're familiar with the behaviour of individuals claiming to represent landowner interests when clearly they're interested in simply getting the timber.

Jemima Garrett: How much of an obstacle does Prime Minister Peter O'Neill face in members of his own cabinet?

Lawrence Stephens: Um, I'd have to go through and look at them one by one, but the reality is, almost every political party, every political composition at least, will have elements that have made large amounts of money out of either forestry or the current Special Purpose Business and Agriculture Leases. They don't want their deeds uncovered and they will be telling Mr O'Neill that if he wants them to stay on his side, he'll need to avoid embarrassing them.

Jemima Garrett: Independent Timbers and Stevedoring's Hudson Hape says the company is ready to start work as soon as it can get the go ahead.

Hudson Hape: We should complete the first 75 kilometres in the first three years. That's the clear-felling and just a road. Once that is done then we're looking at agriculture sites. So when agriculture comes in then we start moving out to the five kilometre left and right of the road reserve.

Jemima Garrett: Do you realise that this could be the biggest logging project Papua New Guinea has ever seen?

Hudson Hape: Yes, by far. Yes, it's the biggest.

Jemima Garrett: Landowners across the country want to have SABLs issued without their permission revoked. In Turubu, in East Sepik Province, logging has been underway on these leases for some time and is continuing unabated.

Deane Woruba: It's sad that they come and do it to my people. I'm sure this is not the price that we pay for development. It's 2012. This country has been independent for 37 years.

Jemima Garrett: Background Briefing's coordinating producer is Linda McGinness. Research by Elise Kinsella and Anna Whitfeld. Technical production by Mark Don. The executive producer is Chris Bullock and I'm Jemima Garrett.

Source: [ABC](#)



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I follow news report everyday.

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