

MELANESIAN LAND REFORM: THE PLANTATION ACQUISITION SCHEME

By Peter Eaton*

Plantations were established during the colonial period in Papua New Guinea on land which had been alienated from customary tenure. In both Papua and German New Guinea, land dealings were controlled by the government and the official policy was that indigenous land interests should be protected. Commander Erskine's proclamation of the British protectorate in 1884 included an assurance to the local people that 'evil disposed people will not be permitted to occupy your countries, to seize your lands', and that 'your lands will be secured to you'.¹ Purchases of land could only be made by the government, or in the case of New Guinea from 1885 to 1899 by the New Guinea Kompagnie, and then it might be leased or sold to individuals or companies for plantations. Initially freehold titles were granted but this ceased in Papua in 1911 and in New Guinea after the 1914-1918 war when most of the German plantations were expropriated and sold to Australians.

There had generally been more alienation of land in German New Guinea than Papua, 700,000 acres compared to 300,000 acres in 1914. The largest number of plantations was established on the Gazelle Peninsula on the island of New Britain, along the coast of the New Guinea mainland especially around Madang, and on some of the smaller islands. These were mainly coconut plantations for producing copra, but later cocoa was often grown on them also. In Papua, the plantations were generally for growing either coconuts or rubber. Later when the Highlands were opened up, they proved suitable for the development of coffee and tea plantations.

When Papua New Guinea became self-governing in 1973, there were about 1,200 plantations. These were expatriate owned and managed. They employed approximately 50,000 workers; in the case of the coastal plantations these workers often came from other areas such as the Highlands. At that time cash crops grown on the plantations provided much of the country's exports, 56 percent in 1972,² although later copper was to become more important. The plantations had also been responsible for the development of infrastructure, especially roads,

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1. C. Lyne, *New Guinea: An Account of the Establishment of the British Protectorate over the Southern Shores of New Guinea*, (London: 1885), pp. 5-6.
2. Value of exports for 1972 from *Papua New Guinea Report for 1972-1973*. (Canberra: Government Printer, 1973), p. 279.

in many areas. For many Papua New Guineans they represented their first contact with the monetary economy and commercial agriculture.

By 1973, however, the plantations had also become a source of resentment among the people where they were established. Some of the grievances expressed were due to the way in which the land for them had been acquired. Early purchases had been made with trade goods such as cloth, tobacco and axes; these payments were now regarded as inadequate in view of the high monetary value of the plantations. In some cases also it appears that the wrong people were paid, or that the payments were not distributed fairly among the land-owning group. In other cases, the government acquired land without payment because it was considered 'ownerless' or 'waste and vacant' although in fact it was the territory of groups who, although they were not farming it, used the land for hunting or were keeping it for future use.

In addition to these complaints about the unfairness of the early acquisitions, there was often a problem of land shortage in areas where plantations had been established. This was partly due to population increase and also because of the greater need for land for growing both food and cash crops. Examples of areas where land alienation had resulted in the people being left without enough land were the Gazelle Peninsula, the Duke of York Islands and Eruk Island off the New Ireland coast. In the latter case, all 800 hectares of the islanders' traditional land was alienated and they were left with a 'reserve'³ of 18 hectares.

In 1973, a Commission of Inquiry into Land Matters was established to investigate land problems and make recommendations for policy and legislation. They travelled throughout the country, held public meetings and received submissions. They received a great many requests that alienated land should be restored to the descendants of the clans who originally held rights to them. In some cases, the people were already threatening to take action, and move onto the plantations. This had already happened on Eruk Island where the people had started to harvest coconuts from the plantation land.

In making its recommendations, the Commission of Inquiry was guided by certain principles; a belief that land should be distributed to those who needed it and would use it, a desire to discourage speculation, and a wish to achieve good relations between different communities.

They were also influenced by the *Eight Point Plan* which summarised government development policy. The aims relevant to policy on plantations stated that there should be greater participation by

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3. During the latter part of the German administration areas on alienated land were designated 'native reserves' in an effort to ensure that the indigenous people had enough land left for their villages and gardens.

Papua New Guineans in the economy, more equal distribution of economic benefits, and government control and involvement in the economy where necessary.⁴

In its report, the Commission recommended:

Where freeholds and leaseholds have been granted and the land developed but the traditional right-holders are acutely short of land, the Government should recover the land, and return it to them and pay compensation to the present titleholder.⁵

Legislation on alienated land was introduced the year after the publication of the Report of the Commission of Inquiry. In his address to the House of Assembly, the Minister for Lands, Mr. Kavali, emphasised that its basic purpose was 'the relief of Papua New Guinea land pressures', and he stated his belief that 'the plantation industry is one which can eventually be run by Papua New Guineans'.⁶ He added that it was the government's long-term policy 'to bring all aspects of plantation production under the ownership of Papua New Guinean individuals and groups'. He also stressed that the legislation was 'confined to properties at present held by expatriate interests' and that it would not affect future foreign investment.

There were four statutes in the legislative package. The *Land Acquisition Act* 1974 (no. 66 of 1974) gave the government the power to acquire land by agreement or compulsory process. It also included provisions for compensation which would be based on average annual profits over a five year period or the value of improvements, in each case multiplied by a prescribed factor. The *Land Redistribution Act* 1974 (no. 62 of 1974) provided for the establishment of Distribution Authorities composed of representatives of local groups whose main function was to decide on the way the land should be redistributed. The *Land Groups Act* 1974 (no. 64 of 1974) gave recognition to the corporated nature of customary groups and enabled them to hold, manage and deal in land. The *Land Trespass Act* 1974 (no. 53 of 1974) provided for the ejecting of unauthorised people from land that was to be redistributed in order to prevent people from anticipating decisions made by the Distribution Authority, or trying to influence them by illegally squatting on the land.

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4. See also the second and third *National Goals and Directive Principles* set out in the *Constitution*.
 5. *Report of the Commission of Inquiry into Land Matters*, (Port Moresby: Government Printer, 1973), p. 66.
 6. *House of Assembly Debates*, Vol. 3. No. 2 (Port Moresby: Government Printer, 1974), p. 3536.

A special branch of the Department of Lands was established to deal with plantation redistribution. It was known as the Alienated Lands Redistribution Branch and it had Field Redistribution Officers in the provinces most likely to be affected.

The procedure is that when groups express an interest in taking over a plantation, this is reported by field officers to the Department of Lands headquarters who then instruct the Redistribution Officer to investigate and advise the group of government requirements under the scheme.

The Redistribution Officer makes a report and if this is satisfactory, the plantation owner is informed and negotiations begin. A valuation to determine compensation is made although this may be later subject to reappraisal. At the same time the Distribution Authority is formed, gazetted and finalises the proposed redistribution. Its proposals are submitted in a report to the Department of Lands and if this is satisfactory a land group can be formed and registered for the purpose of taking over the plantation. Following the receipt of the valuation report, an offer is made to the plantation owner and, usually after some negotiation, a contract of sale is drawn up and executed. Once the plantation has been acquired by the government, it is then handed over to the land group.

Payment for the plantations is made from a special fund known as the Alienated Land Trust Fund Account. The group taking over the plantation are also expected to pay a deposit, originally about ten per cent of the total cost although efforts have since been made to have it increased. The balance is then repaid by the group from the profits of the plantation over the next few years.

From 1974 to 1979, seventy-five plantations were purchased. These acquisitions have been confined to coconut, cocoa, coffee and rubber plantations established before 1974. Tea plantations and cattle farms have not been included, with one exception.⁷

7. This was Takoa in Central Province where 480 hectares of pasture land were acquired from the Takoa Pastoral Company. The land has not yet been redistributed or developed.

TABLE I

DISTRIBUTION BY PROVINCES OF PLANTATION ACQUISITIONS, 1974-1979

PROVINCE	NUMBER OF PLANTATIONS ACQUIRED
East New Britain	21
Central Province	17
New Ireland	7
Eastern Highlands	6
Western Highlands	5
Madang	5
Milne Bay	4
Manus	4
North Solomons	2
West New Britain	2
Northern Province	1
Chimbu	1
TOTAL	75

The problem of defining the land group's title to the land is still one that has not been finally solved. When the plantation is purchased, the group is given a licence to cultivate it, and then when they have finished repaying the total cost, they are given a lease and pay a nominal rent, originally one toea per year. Generally, the land is kept as a whole unit; only in one case, Malapau in East New Britain, has the land been sub-divided into blocks, and this has been mainly due to dissensions within the Vadirai land group. Whether more redistributed plantations will be sub-divided or revert to subsistence agriculture is uncertain. Some have been neglected, while others have continued to work as effective economic units. Sometimes the group themselves have worked the plantations, in other cases they have continued to employ labourers from elsewhere.

TABLE 2
TYPES OF PLANTATION ACQUIRED, 1974-1979

CROP	NUMBER
Coconuts	24
Cocoa	3
Coconuts and Cocoa	25
Rubber	10
Rubber and Coffee	1
Coffee	10
Pasture	1

Management has been a problem, as many of the Papuan New Guineans taking over plantations lacked the experience and skills to organise and supervise them. In an attempt to solve this problem, the National Plantation Management Agency was established in 1977. This is a government company which gives advice, assistance and training in the management of plantations until the land group has paid off the original cost. At the beginning of May, 1980, they were managing fifty plantations, of which twenty-seven were acquired under the redistribution scheme and twenty-three purchased by local groups with the help of commercial or Development Bank loans. Although the plantations in this latter group have not been purchased as part of the scheme, their acquisition is subject to government control and approval under s.75 of the Land Act 1962 (no. 6 of 1963).

The period from 1974 to 1979 was generally a poor one for the plantation industry. To some extent this was a result of unstable commodity prices. Costs also increased; rises in the price of oil affected fuel and transport; increases in rural minimum wages raised wage bills. There was little replanting and investment in the plantations during the uncertain period before self-government. The plantation redistribution scheme itself caused plantation owners who expected their plantations to be taken over to allow them to run down - the methods of valuation used in calculating compensation often did not give enough weighting to the effects of depreciation and reinvestment.

TABLE 3
PLANTATION PRODUCTION, 1974-1978⁸

CROP	PRODUCTION IN TONNES				
	1974	1975	1976	1977	1978
Copra	76,512	81,792	69,797	71,533	55,753
Cocoa	22,396	18,984	16,904	14,574	15,356
Rubber	5,286	3,774	3,868	n. a.	3,568
Coffee	12,569	12,871	14,653	11,173	14,252

There has been a tendency for some interested bodies such as the Planters' Association to blame the redistribution scheme for falls in production and the lack of security felt by plantation owners. This seems to ignore the fact that reduction in new planting had often started before the scheme was in force. It reflected the fact that many plantation owners initially found it difficult to accept the concept of Papua New Guinean self-government and were uncertain about their future in the newly independent state.

In August, 1979, a committee was set up by the government to review the plantation redistribution scheme. It contained representatives of relevant government departments and the plantation industry. They were generally critical of the working of the scheme and expressed concern with the deterioration in the plantations, the lack of replanting, and poor standards of husbandry and maintenance. They were critical of the financing of the scheme, and were also worried that land groups were usually not in a good position to borrow and obtain capital to effect the development of the plantations that was now needed.

The committee felt that the four statutes concerned with redistribution should be repealed as they were considered too complex and difficult to work. They suggested that 'the transfer of plantations should be conducted on a freely competitive basis without coercion, and as far as possible, national groups should be assisted to buy valuable and fully maintained properties in preference to deteriorated plantations.'⁹

8. *Report by the Committee of Review into the Plantation Redistribution Scheme*, (Port Moresby, 1979), Appendix 1.

9. *Ibid.*, p. 9

Redevelopment of the latter would be done through a government company that could put the management and redevelopment of these properties up to competitive tenders.

The committee recommended that local land groups acquiring plantations should be encouraged to obtain finance from commercial banks and the Development Bank. They should also be given assistance under the National Investor Scheme. The committee also suggested that the Plantation Management Training Programme should be strengthened and should include provision for apprenticeships .

The committee believed that there should be a distinction made between expatriate owners willing to sell their plantations and those who were unwilling. The latter should not be forced to sell if their plantations were being well maintained. Instead, national involvement in them should be encouraged by the purchase of shares.

The committee also recommended changes in the method of plantation valuation, which would be based on sales over the last five years but give more weighting to the most recent years. Account would be taken of commodity price projections and of recent investment in the plantations.

Whether any of the committee of review's recommendations are accepted depends on the future of the plantation redistribution scheme. Since the middle of 1979 there has been a slowing down of the scheme with the emphasis on completing negotiations for transfers that had already been started. When a change of government occurred early in 1980, one of the first policy statements made by the new Prime Minister, Sir Julius Chan, was that the scheme would be abolished and replaced by land development projects. Since then, this early statement has been moderated and there are indications that the scheme will be allowed to continue. There is still a demand for redistribution, especially in areas of population pressure and land shortage such as the Gazelle Peninsula, and parts of the Highlands. Problems still exist on many of the smaller islands where privately owned plantations occupy much of the land and living space.

Any evaluation of plantation redistribution is still difficult. The scheme seems to have suffered from bad public relations with publicity given to the problems rather than the achievements. Some plantations have been neglected and there have also been quarrels among customary groups as to who are the rightful owners. There have been instances of political interference as in the case of Raniola plantation in East New Britain.¹⁰ Other plantations have been run

10. An article under the heading 'Government Slammed on Land Deal' in the Port Moresby *Post Courier*, 13 February 1979, contains a report on complaints by a group of Tolai villagers in the Totem Land Group against alleged interference by Mr. Oscar Tamur, the local Member of Parliament and at that time, Minister of Education, in the purchase and redistribution of the Raniola Plantation.

successfully, either by the land groups or the National Plantation Management Agency. In many cases, the new owners are trying hard to develop plantations that had been run down, but need assistance in the form of both capital equipment and help from extension services.

Some indication of the productivity and efficiency of the redistributed plantations can be obtained from examining the extent to which the original purchase prices have been paid back by the new owners. In fifteen cases the cost of the plantation has been completely repaid: five of these were in the Highlands and seven in East New Britain. On many other plantations a considerable proportion has been paid off. On others, very little or nothing has been paid: some of these have only been repurchased recently but others seem to have made no profit over a period of several years. The worst figures are for Central Province. These statistics provide some indication of the successes and failures of the scheme, although there still remains a need for more information on the productivity of individual plantations.

TABLE 4

PAYMENTS FROM AND REPAYMENTS INTO THE
ALIENATED LANDS TRUST FUND 20TH FEBRUARY 1980

Government Funds	K4,500,000
Repayments	K2,579,211.23
TOTAL INCOME	K7,086,876.23
TOTAL PAYMENTS	K6,259,983.25
BALANCE IN THE FUND	K826,892.98

Many of the criticisms of the scheme have been concerned with declines in cash crop exports and 'investors confidence'. If one looks at plantation redistribution as an attempt at land reform then it can be seen that it has achieved some of its original aims of encouraging Papua New Guinean participation in the plantation economy and promoting greater equality. It has succeeded in giving land to those who need it. What still has to be proved and what is likely to be crucial to the role of redistribution in rural development, is that the new owners can utilise this land effectively and get the maximum benefit from the management of its resources.