

International State Crime Initiative

Not Just “Criminals”

A response to the Paga Hill Development Company, 29 October 2012

Introduction

On 9 October 2012, the International State Crime Initiative (ISCI) released a [report](#), *The Demolition of Paga Hill*, documenting a forced eviction that took place in Papua New Guinea's capital, Port Moresby, on 12 May this year. Dozens of homes in the area of Paga Hill were demolished by the Royal Papua New Guinea Constabulary. Those residents who resisted or photographed the forced eviction, were attacked with [sticks, iron rods and machetes](#). At one stage police even fired live rounds at bystanders.

The demolition was conducted in order to make way for a [luxury estate](#) being spearheaded by the Paga Hill Development Company (PHDC) – a company largely run from Australia. PHDC's Chairman and Secretary is Gudmundur Fridriksson, an executive who heads the North Queensland, Cape York Institute for Policy and Leadership.¹

Since the publication of our report, Gudmundur Fridriksson, along with PHDC Director, George Hallit,² have made a number of serious allegations on Radio Australia, SBS World News, *The Australian* and the *Post-Courier*. These allegations were also reproduced in a recent PHDC press-release. In the interests of clarifying the public record, ISCI has compiled the following response paper.

1. The International State Crime Initiative is an “Activist Organisation”.

In a [press release](#) dated 9/10/2012, PHDC (2012) characterised the International State Crime Initiative (ISCI) as “an ill-informed and clearly biased activist organisation”.

We are, in fact, a [research centre](#), jointly administered by King's College London, the University of Ulster, the University of Hull and Harvard University. Our research is internationally recognised and published in the top, peer-reviewed journals. ISCI has received grants from some of the most prestigious UK funding bodies, including the British Academy and the Economic and Social Research Council.

All our publications are the product of rigorous, triangulated fieldwork. *The Demolition of Paga Hill* is a testament to the high standards we uphold.

2. The report is slanderous and makes personal attacks on PHDC Chairman/Secretary Mr Fridriksson.

In a written statement reproduced on [SBS World News](#) (24/10/12), PHDC allege that ISCI's report makes “an unfounded and legally slanderous personal attack on Mr Fridriksson”.

Our report does not personally attack Mr Fridriksson. It cites a series of official reports and media investigations which censure companies run by Mr Fridriksson including CCS Anvil, PHDC, and Destination PNG. The cited official reports have been compiled by reputable authorities, such as, PNG's Auditor General's Office and its Public Accounts Committee. We also drew upon certain media investigations, including exposés composed by seasoned, award-winning pacific reporters such as Sean Dorney and Mary-Louise O'Callaghan.

¹ It was announced in *The Australian* on 16 October 2012, that Mr Fridriksson is now on “extended leave without pay” (Robinson 2012c). The Cape York Institute note Mr Fridriksson's leave preceded *The Demolition of Paga Hill's* publication.

² Hallit is also a PHDC shareholder.

3. The official reports cited by ISCI have been overturned

In *The Demolition of Paga Hill*, a consultancy firm, CCS Anvil, is closely scrutinised. Run by Mr Fridriksson and Mr Hallit, CCS Anvil has project managed the development at Paga Hill. In addition to this, CCS Anvil also worked for a number of government agencies.

This work has been subjected to censure in two Auditor General's Office reports and three Public Accounts Committee reports. Some of the accusations levelled at CCS Anvil are extremely serious. For example, both [the Auditor General's Office \(2005\)](#) and [the Public Accounts Committee\(2006a\)](#) claim that as an agent for PNG's Public Curator's Office, CCS Anvil personally pocketed money from deceased estates (K1,966,677 – approx \$A983,338), which it was meant to deposit in Estate Trust Accounts. They also claim CCS Anvil's PNG principal was certifying government payments to his own firm, for as much as \$500,000 kina (approx \$A250,000).

Mr Hallit rejects these allegations. He informed *The Australian*: “All were referred to the Auditor-General's Office, and...CCS Anvil was vindicated” (Robinson 2012b: 3). When *The Australian* contacted the Auditor General's Office to confirm Hallit's claim, they confirmed “what we reported [in the 2005 report] stands” (Robinson 2012b: 3).

The *Demolition of Paga Hill* also cites a 2006 [Public Accounts Committee \(2006b\) report](#) that scrutinises PHDC's lease over Paga Hill. The committee allege the lease was acquired through “corrupt dealings” by a “private, foreign speculator with no ability to even pay the Land Rental, much less build anything on the site” (Public Accounts Committee 2006b: 60 & 70).

PHDC (2012) has claimed these findings, compiled under the Chairmanship of John Hickey, were overturned in a July 2008 letter written by a subsequent Public Accounts Committee Chairman, Timothy Bonga. Bonga was elected to parliament in 2007, following his dismissal from public office in 1996 for 14 counts of misconduct ([Ketan 2007](#)).³

According to our sources the 2006 Public Accounts Committee findings stand, nevertheless, we do acknowledge the existence of a letter written by Timothy Bonga. Written in reply to correspondence from PHDC, the July 2008 letter claims that all documents relating to PHDC's state lease are in order.

However, when checking on behalf of her constituents in 2012, the then Leader of the Opposition, Dame Carol Kidu, was informed by the Committee Secretariat that, a) the Public Accounts Committee never met to endorse the Chairman's unilateral decision to overturn the findings of a Parliamentary endorsed report; and b) the Chairman was actually advised not to write the letter by a legal adviser to the Public Accounts Committee. Why Timothy Bonga would elect to send a letter, against legal advice, overturning carefully researched findings endorsed by parliament, is unknown. However, the letter has no legal standing. Accordingly, the 2006 findings and recommendations stand.

³ In 2008 Bonga was implicated in a bribing scandal – evidently “\$32 million was to have been deployed to secure a switch in PNG's diplomatic loyalty from China to Taiwan” (Callick 2008; see also [Post Courier 16/5/2008](#)). Bonga adamantly denies any wrongdoing. More recently, *The National* newspaper's Business Editor, Malum Nalu, alleges he was seriously assaulted by Timothy Bonga in 2007, over a series of unfavourable newspaper articles ([Nalu 2011](#)).

4. The 2006 Public Accounts Committee report was based on “9 pages of irrelevant documentation”.

PHDC (2012) claim that the [Public Accounts Committee \(2006b\) findings](#), referred to above, “was based on just 9 pages of irrelevant documentation”. They point to paragraph 33.8 of the report, as evidence.

This paragraph says nothing of the sort. First of all, paragraph 33.8 only relates to one specific issue being examined by the Public Accounts Committee (there were many others) – the conversion of the Urban Development Lease over Paga Hill to a 99 year Business Lease. And even in this respect, the Committee never states that *it* only relied on “9 pages of irrelevant documentation”, as PHDC claim. In fact, what they say is: “The Secretary for Lands produced only nine pages of material – much of which was irrelevant” (Public Accounts Committee 2006b: 60).

This is a clear criticism of the Lands Secretary. The Committee do not acknowledge *they* simply relied on these nine pages of documentation when analyzing the conversion process, much less does the Committee confess they relied on “9 pages of irrelevant documentation” to produce 18 pages of findings on the state leases over Paga Hill.

However, perhaps of more relevance to this case are the comments made by the Committee in those paragraphs that directly follow 33.8:

In light of the evident illegality which attended the grant of this Lease, the Committee concludes that the Department of Lands and Physical Planning deliberately refused to comply with legitimate directives and a Summons from this Committee [i.e. to produce documents] to protect either or both the recipients of the Lease Grant [PHDC] and/or Departmental Officers involved in the grant process...The Committee concludes that Mr. Kimas [Lands Secretary] would rather be prosecuted for failure to produce documents, than reveal that the documents either never existed or be prosecuted as a result of their contents becoming known. (*Ibid*)

Nevertheless, PHDC (2012) continue to claim: “Despite the report admitting that the investigation was based on just 9 pages of irrelevant documentation, the PAC saw fit to make slanderous and defamatory accusations of illegal acquisition of title, all protected under Parliamentary Privilege”. At best, PHDC’s statement is a profoundly misconstrued reading of what the Public Accounts Committee actually state, in plain language, in paragraph 33.8.

5. PHDC has purchased land at Six-Mile for the settlers.

Hallit argued on [Radio Australia’s Pacific Beat](#) program (10/10/12) that PHDC has purchased alternative land for Paga Hill residents at Six-Mile, the site of a large decommissioned dump and a 17,000 person settlement.⁴ “We have actually bought a piece of land at Six Mile, NCDC has agreed to turn it into freehold title”, Hallit claimed.

Unfortunately, this is not quite how it works in PNG. The land in Six-Mile is, by PHDC’s own admission, customarily owned. To be converted into freehold title, demanding

⁴ This population estimate is based off a 1999 survey, it would be higher in 2012 (Wai and Maia 2012: 256).

procedures set out in the 1963 [Land \(Tenure Conversion\) Act](#) must be observed. Even once converted to freehold, “the land may be transferred or leased for a longer period than 25 years only with the consent of the Land Board” (s.26).

So for fundamental legal reasons, the National Capital District Commission cannot simply sign over customary land to PHDC, as Hallit suggests.

Moreover, the close proximity of the Six-Mile plot to the disused dump raises serious health and safety issues. According to a report commissioned by the Secretariat of the Pacific Regional Environment Program, the Six-Mile dump contains “domestic, commercial, institutional and industrial wastes” ([Merz 2004: 4](#)). It adds, while there was an Environment Code of Practice regulating the dump, it was never adhered to. Consequently, a thorough healthy and safety audit of the site needs to be commissioned before it can be declared fit for habitation.

6. The Paga community want to move.

Hallit claimed on Pacific Beat (10/10/12) the residents were in fact looking forward to the “forced relocation”.

He argued, “we’ve worked with them, they’ve been in agreement, and they looked forward to the move and even on the day of the eviction, which was essentially a forced relocation, they knew full well it was coming”.

In the images leaked to ISCI from a government source – the community look anything but happy or prepared. In fact when police opened fire, residents were terrified. Hallit remembers things differently, “on the day of the eviction, we were working with them, we had big bags they were putting in all their possessions from their houses and it was only until they had actually left their houses, and we would assist them to be moving, that we would use the excavators to basically knock over their house as the final act, such that they wouldn’t be returning” (Pacific Beat, 10/10/12).



Image 1: Distressed residents look on as their homes are demolished



Image 2: Police officers fire live ammunition at an unarmed crowd, while a colleague attacks an elderly resident. Image courtesy of Media Stockade.



Image 3: Leader of the Opposition, Dame Carol Kidu, is frogmarched from Paga Hill while officers aim their rifles at bystanders. Image courtesy of Media Stockade.



Image 4: A bulldozer demolishes homes at Paga Hill. Image courtesy of Media Stockade.



Image 5: Many Paga Hill residents lost both their home and furnishings in the demolition. Photo courtesy of Jeffrey Feeger.

7. This was not a “forced eviction” it was a “forced relocation”

On Pacific Beat, PHDC Director George Hallit, contradicted his claim that the community wanted to move, by arguing that the 12 May exercise was not a “forced eviction” but a “forced relocation”. However, this phrase misses the point – people’s homes at Paga Hill were not relocated, they were demolished, along with their furnishings and possessions. For some, this was a lifetime’s investment, gone.

That said, in our report, it was assumed responsibility for the destruction of property at Paga Hill lay with the Royal Papua New Guinea Constabulary. However, it now appears this finding may be incorrect. Hallit claimed on Pacific Beat (10/10/12) that the developer, in fact, supplied the excavator used to flatten homes: “At the end of the day there are only a few suppliers of excavators as you can imagine in Port Moresby ... we just went to the first, we’ve paid for their use”.



Image 6: An excavator hired by PHDC for the May 12 demolition manned by an armed police officer

If the line between public and private administration of this demolition was not already blurry, it became more so as Hallit appeared to suggest PHDC directed the police operation.

“The [Paga Hill] settlers had actually challenged the consent order in the district court and failed [on May 11]. So *we* waited for that. Now they sought a stay order in the national court on that [next] day and they succeeded. And when the eviction was in process, when they arrived with that, *we* stopped” (Pacific Beat, 10/10/12).

8. The women at Paga Hill live in fear of sexual assault and dysentery:

According to PHDC Director, George Hallit, residents are anxious to leave Paga Hill, “this [Paga Hill] is not a happy environment” (Pacific Beat, 10/10/12). He continued, “its well documented from independent parties that the current residents on the settlement are in fear of dysentery and sexual assault on a regular basis” (*ibid*).

The only evidence PHDC has publicly cited in this respect is a [blog](#) entry written by a US photographer. And even then, the Paga women interviewed note their community “is safe”, it is outsiders they fear.

When a volunteer teacher at Paga Hill was asked about safety, she argued women would be far more vulnerable to attack at Six-Mile. Her interview can be viewed [here](#).

9. The people at Paga Hill are “criminals” and “illegal squatters”.

PHDC Chairman/Secretary, Gudmundur Fridriksson, informed *The Australian* (9/10/2012), “there are just squatters and settlers and criminals hanging out there [at Paga Hill]” (see Robinson 2012a: 1). This, of course, is a common stereotype used to demonise informal settlements in PNG. However, as [Michael Goddard](#) has persuasively argued, it is a stereotype fundamentally lacking in empirical evidence.

Indeed, in a study conducted by resident anthropologist, Joe Moses, with assistance from UPNG academic Dicks Rae Thomas, it was found that the community at Paga Hill was made

up predominantly of skilled and semi-skilled workers who are gainfully employed in the formal (54%) and informal sector (45%). Moreover, their residency at Paga Hill is by no means new. Indeed, the original Kikori settlers arrived in the early 1960s, with [permission](#) from the hill's traditional owners, who deny having alienated their land to the state. Such is the complexity of urban land relations in PNG.

It is also important to remember that there are National Housing Corporation properties on top of Paga Hill, which are home to around 400 people. These subsidised homes are rented by hard-working civil servants, who now face the threat of homelessness.

10. The people at Paga Hill live in “squalid conditions”

It has been argued by PHDC (2012) that the people of Paga Hill live in “squalid conditions”. The company's Chairman/Secretary also implies that residents occupy shanties: “there would not be more than three houses there that qualify as a house. It is just rocks on top of corrugated iron held down by nails. It's like Rio de Janeiro or Manila" (quoted in Robinson 2012a).

Paga Hill does not correspond to the developer's caricature. During ISCI's research on the forced eviction, we were supplied with photographs of Paga Hill taken by neighbour Sam Moko, in July 2010.



Image 7: A resident's washing dries in the sea breeze, July 2010.



Image 8: One resident described Paga Hill as a classic seaside village.

These homes which punctuate Paga's shoreline are a colourful example of the type of serious investment many local residents have plumbed into their living space. And much of their opposition to the development has been grounded in the derisory compensation offered for a lifetime's work.

11. The Paga Hill Estate will feature a 5-star hotel run by the prestigious Hilton chain

Since the demolition, PHDC has informed the media that the development will feature a 5-star hotel run by the prestigious Hilton chain ([Post Courier, 14/5/2012](#)). PNG's Ministry of Tourism, Arts and Culture applauded this announcement: "Upon completion, it will be the flagship site of Port Moresby whereby every tourist will visit and enjoy. Their plan also includes the development of a five-star hotel at the top of Paga Hill managed by an international renowned brand hotel" ([Post Courier, 25/5/2012](#)).

ISCI contacted Hilton Worldwide, on 13/7/2012 their Australasia Regional Communications Manager replied: "After looking into the matter I can confirm that Hilton Worldwide does not have an agreement to operate a Hilton Hotel & Resort with the developer of Paga Hill Estate. We have asked the developer to remove any references to Hilton Hotels & Resorts in their marketing material". As of 29/10/2012 references to Hilton Hotels remain in PHDC's online marketing materials.

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