

INTERNATIONAL STATE CRIME INITIATIVE

PRESS RELEASE

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Controversy over forced eviction in Papua New Guinea extends into the heart of Australia's political establishment

On 12 May 2012, one hundred police officers descended on the prominent Port Moresby landmark, Paga Hill. Armed with assault rifles, machetes and sticks, they had come to demolish one of the city's oldest settlements. The forced eviction was designed to make way for the Paga Hill Estate, an "exclusive" property development that promises to turn the 13.7 hectare site into "the icon of the new progressive Papua New Guinea". When the demolition was stopped mid-course by a National Court injunction, lower Paga lay in ruin.

The driving force behind this proposed development is the Paga Hill Development Company (PHDC). Characterised by Papua New Guinea's own Public Accounts Committee as a "private, foreign speculator", to date those intimately connected with the developer have been cited in no less than nine official inquiries into corruption and public mismanagement. And their connections extend into the very heart of Australia's political establishment – indeed the Chairman and Secretary of PHDC, Gudmundur V Fridriksson, is the current CEO of Queensland's Cape York Institute, and the Director of the controversial Welfare Reform Trial.

The author of ISCI's report, Dr Kristian Lasslett, remarks: "It is a sad state of affairs, when the police attempt to evict a vibrant settlement, at the behest of individuals – mainly based in Australia – who have been repeatedly censured by Papua New Guinea's public accounting agencies". He continues, "it really is a miracle no one was killed on May 12th, the police used live ammunition on unarmed civilians! In full view, I might add, of a brave documentary filmmaker who recorded the entire unfortunate episode".

Dr Lasslett's findings are detailed in *The Demolition of Paga Hill*. Key findings include:

- The developer, PHDC, and the Lands Department, were condemned by the Public Accounts Committee in 2006 for a series of actions and inactions. Principally the committee alleges that the lease over Paga Hill was secured through “corrupt dealings” (PAC 2006a: 60), by “profiteers who...had no capacity to develop the land” (PAC 2006a: 62).
- Companies run by PHDC's Chairman, Gudmundur V Fridriksson, have been censured in five separate reports published by the Public Accounts Committee and Auditor General between 2003 and 2007. These companies stand accused of having illegally acquiring public money on several different occasions.
- The same Chairman has been investigated by journalists in Iceland, Hong Kong, Papua New Guinea and Australia for a range of alleged activities, including:
 - The export of counterfeit jeans.
 - The failure to pay over \$400,000 in rent.
 - An “astronomical” commission (K2.5 million) paid to Fridriksson's company, Destination Papua New Guinea, by the Papua New Guinea government, for a book riddled with “appalling mistakes”.
 - A sizable commission to project-manage a proposed Port Moresby fun park, spearheaded by former Prime Minister Bill Skate.
 - The construction of a large Liquorice factory in China (which never eventuated).
- PHDC's shareholders include a number of individuals with links to senior serving leaders in Papua New Guinea and Australia. Specifically, the former Deputy Prime Minister of Papua New Guinea, Michael Nali, who owns shares in PHDC via Kwadi Inn, and Tracey Kluck, the wife of aboriginal leader, Noel Pearson.
- Despite the range of concerns raised by the government's public accounting bodies, the Papua New Guinea state continues to support PHDC.
- The eviction order awarded to PHDC was secured under contested circumstances.
- The 12 May demolition violated the UN's *Basic Principles and Guidelines on Development-Based Evictions and Displacement*.

Reflecting on the community's future, the report's author opines: “Over the course of fifty years Paga Hill's residents have succeeded in building a multi-ethnic community, which boasts an elementary school, arts centre, community government and thriving local economy. Sadly, with their homes in ruin, many now face an uncertain future – but the community is adamant, they will continue their struggle for Paga Hill using art, theatre, protest and legal action”.

Note for Editors

The report and many of the source documents used in the report, can be obtained online: http://statecrime.org/online_article/the-demolition-of-paga-hill-a-report-by-the-international-state-crime-initiative/

Additionally a multi-media version of the report has been published on the State Crime Testimony Project: <http://dev.outlandishideas.co.uk/isci/pagahill> (best viewed using Internet Explorer 9, or any other standard web browser).

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