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## ACCESSIBILITY OF CUSTOMARY LAND FOR RESIDENTIAL PROPERTY DEVELOPMENT IN PAPUA NEW GUINEA: CHALLENGES AND PROSPECTS

Thomas Wangi  
Eugene Ezebilo

[www.pngnri.org](http://www.pngnri.org)

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### Key Points

- Private property developers in Papua New Guinea (PNG) prefer to invest in state land.
- As state land for development is almost exhausted, private property developers have switched their attention to customary land.
- In order to supply customary land to formal land markets, landowners must register their land through the Voluntary Customary Land Registration (VCLR) system.
- Challenges that customary landowners face when they attempt to register their land may include: overly complex VCLR procedures, inadequate public awareness of the procedures, unclear or disputed boundary demarcation, and poor land administration systems.
- To promote access to customary land for development, it is necessary to simplify the VCLR procedures, educate more landowners about the procedures, improve land administration systems, and include all communal members in the VCLR system.

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## ACCESSIBILITY OF CUSTOMARY LAND FOR RESIDENTIAL PROPERTY DEVELOPMENT IN PAPUA NEW GUINEA: CHALLENGES AND PROSPECTS

By Thomas Wangi and Eugene Ezebilo

State-owned land in Papua New Guinea (PNG) is almost exhausted whereas demand for it, relative to supply, has continued to increase. This demand-supply imbalance contributes to inflating property prices. In order to promote economic development, PNG could supply more customarily-owned land to the formal land markets, as highlighted by PNG Vision 2050 (National Strategic Plan Taskforce 2009).

This paper focuses on the views held by some private residential property developers in Port Moresby regarding investing in customary land. Prospects and challenges associated with accessing customary land for development are discussed. The developers reported that they prefer to invest in state land because it is secure and has clear land titles. However, they expressed concern that state land for development is becoming depleted and that their only alternative is to find a way to access customary land that has secure tenure.

The incorporated land group (ILG) and Voluntary Customary Land Registration (VCLR) system were developed to mitigate challenges associated with accessing customary land for development. The VCLR system results in a broad-based development that generates benefit for the state, investors and customary landowners. To improve access to customary land, it is important to promote public awareness of the VCLR, encourage resolution of land disputes, and simplify VCLR processes. Other changes that should be made include: increase the effectiveness and efficiency of customary land administration, reduce costs associated with registration, educate customary landowners about the registration process, and promote transparency in the registration process.

### Lessons learnt from the views of private property developers in Port Moresby

- Shortage of state land for development will increase building costs and consequently increase house sales

and rental prices. Availability and affordability of land are key factors in the production of houses. State land, which is often preferred by residential property developers, is almost exhausted, whereas demand for it is increasing. The shortage of state land relative to demand will increase the price of the land and the cost of building houses. As the cost of building houses increases, house sales and rental prices will similarly increase. This may partially account for the skyrocketing sales and rental prices of houses in PNG's major cities, such as Port Moresby.

- There is a need to supply more customary land to the formal land markets to supplement the almost exhausted state land. As the supply of state land is almost fixed and the demand has been increasing, the only option is to find a way to release customary land to the formal market. However, most investors would not invest in customary land because of insecure tenure. This makes it important for landowners to register their land through the VCLR system in order to stimulate a broad-based development that benefits the state, investors and landowners. The VCLR system is supported by the Incorporated Land Group Act 1974 and the Land Registration Act 1981.
- There is a need to promote VCLR system so that property developers could invest in customary land. The VCLR makes customary land to be more valuable to the landowner and attracts investments. However, most landowners seem to be ill-informed about the VCLR system; this makes them suspicious about the system and reluctant to embrace it. More public awareness programs about the VCLR system are needed.
- There is a need to simplify VCLR to reduce processing time. One reason for the shortage of customary land in the formal land market is that the VCLR takes such a long time to process. In some cases it can take up to four years, which makes supply of land to the market too slow to match demand. This could discourage customary landowners from embracing

the VCLR.

- Investors are focusing more attention on customary land. With the state land being nearly used up in the face of increasing demand for land, investors are shifting their attention to customary land. However, for investors to fully focus on customary land, the land needs to have a formal title. This could be achieved through the VCLR system.
- Customary land will play an important role in driving PNG economy. State land, which is only 3% of all land in PNG, has taken the country this far in development. There is no doubt that customary land, which has a greater share of the land in PNG (97%), will contribute immensely to extending PNG's economy.

### Challenges of accessing customary land

The registration of customary land is seen by most landowners as a loss of control over land that has been within their families, clans or tribes for several generations. Factors that tend to discourage customary landowners from registering their land for development purposes are listed below.

- Decisions regarding use of customary land are taken collectively: The ownership of customary land is communal, with landowning social units at the family, clan or tribe level. Any decisions made about the land must take account of the views of every member of the social units. Excluding members from the decision making process often leads to land ownership disputes, development disruptions and sometimes loss of human life.
- Demarcation of customary land boundaries is often unclear: The land boundaries are often based on traditional information that has been passed from generation to generation, using rivers and mountains as boundaries. There are often no reliable plans or maps, which causes confusion about identification of traditional land boundaries. This results in land use conflicts such as tribal fights. Boundary disputes are very common in PNG and make it difficult for landowners to register their land.
- Inadequate public awareness: The general public are not well-informed about the functions and benefits of ILG and VCLR system. This makes many landowners afraid of losing their customary land rights through the ILG and VCLR systems. Awareness programs have often targeted only a few landown-

ing groups; however, educating stakeholders such as developers, private businesses, students, public servants, and state agencies is also important.

- Complicated land registration process: The current customary land registration process comprises 17 steps involving seven state agencies. This process is lengthy and costly; it takes more than one year for issuance of the certificate and title. Many landowners encounter difficulties in meeting land registration requirements, such as providing birth certificates, which makes them reluctant to participate in the VCLR process.
- Poor land management practices: There are transparency and accountability issues in the management of state land throughout PNG. Poor record keeping of land transactions results in duplicated land titles, inflated registration costs, and transfer of titles. These practices negatively depict the land management system and further discourage landowners from registering their land under the ILG and VCLR system.
- Absence of sustainable land use policy: The land in PNG, both in urban and rural areas, is used for economic and social activities such as agriculture and infrastructure development. However, there is no land use policy to guide allocation, development, management and use of land and its resources.

### Policy interventions for improving access to customary land

- Registration of customary land is beneficial to all stakeholders. It encourages wealth creation and greater benefit sharing. It also minimises disruptions to development that may be caused by land ownership disputes, and unnecessary land compensation claims. Once the concept is well understood by developers and landowning groups, registration will greatly improve access to customary land for development. The following policy interventions are required to improve access to customary land:
- Simplify the VCLR system and make it more efficient: Eliminating any steps in the current customary land registration process that are considered unnecessary will save time and reduce cost to landowning groups. There is a need for more flexible registration requirements, such as regarding birth certificates, to encourage more landowners to register their land.
- Promote public awareness of VCLR: There is a need for more public awareness in relation to ILG and VCLR

system, amendments of the two Acts that empower landowners, and expected benefits of VCLR. The awareness campaign should be extended to other stakeholders such as property developers, private businesses, students, public servants, and state agencies.

- Include all communal members in customary land registration: Identify every member of social units and include them in the decision making process of customary land registration. This should minimise land use conflicts, property destruction, development disruption, and even the loss of human life.
- Reduce disputes through boundary demarcation: Most land use conflicts in PNG are caused by disputes about traditional land boundaries. This often leads to the destruction of properties and loss of human lives. Proper boundary identification and demarcation, with the aid of maps, will help reduce the incidence of such disputes.
- Improve the customary land administration system: An effective customary land administration system that reduces registration time and makes the registration process more customer friendly needs to be developed. It is also necessary to promote transparency and accountability in the process. The newly created Office of Customary Land Development will strengthen and improve management of all customary land, allowing landowners to register their land and realise potential economic benefits.

## Concluding remarks

This paper highlights the need to supply more customary land to the formal land markets in order to push PNG's economy upwards. State-owned land, which is preferred by private property developers, accounts for only 3% of land in PNG. The state-owned land is almost exhausted, and private property developers have switched their focus to customary land.

In order for private property developers to patronise customary land and for landowners as well as the state to benefit from land transactions, landowners must register their land through the VCLR system. However, customary landowners may face challenges when they attempt to register their land. These challenges include: overly complex VCLR procedures,

inadequate public awareness of the procedures, unclear or disputed boundary demarcation, and poor land administration processes.

The following are recommendations to improve PNG's VCLR system: simplify the VCLR procedures, increase public awareness of the VCLR system, include all communal members in land registration, and improve the land administration system. This paper contributes to the debates regarding how best to supply customary land to formal land markets in PNG so that landowners, investors and the state can benefit from customary land transactions.

## References

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