



# Unlocking Customary Land for Economic Development by encouraging Landowner participation in the East Sepik Province. A case study for Paruwia Holdings Limited.

## Authors:

1. Mr. Edwin Nidkombu. Assistant Surveyor General. Survey Coordination. DLPP.
2. Mr. Scott Gumahusa. Director-Customary Land Development. DLPP.
3. Mr. Lawrence Yimbin, Provincial Customary Lands Officer, Wewak, ESP.



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## Abstract

- In PNG, over 97% of land is under customary tenureship. It is held and governed by clans and tribes according to traditional laws. While the system has protected community identity and livelihoods for generations, it has also made large scale developments complex because customary land cannot be sold or mortgage directly to investors.
- East Sepik Province is no exception. It holds a vast track of fertile land, rich biodiversity and a strong agricultural base that underpin the livelihoods of over 600 000 people. And like much of PNG, more that 95% of these lands are under customary tenureship.
- Unlocking customary land for economic development in East Sepik Province does not mean removing it from the hands of the landowners. It means creating clear, voluntary pathways for land owners to participate as partners in economic development.
- It is a case study for the Paruwia Holdings Limited in the Turubu Oil Palm Project.





## Introduction

- Section 10 of the Land Act 1996 provides one of the key mechanisms to bridge the gap from customary ownership to a bankable alienated state lease that can be sold or mortgaged directly to the investors and the commercial banks to be used as a collateral or share equity in land development.
- It also allows customary landowners to voluntarily enter into agreements to make their land available for economic development without losing ultimate ownership.
- Under section 10, landowners can deal with their land by;
- Registering Incorporated Groups to represent clans in negotiations.
- Granting Leases for agricultural, commercial or resource projects.
- Entering into development agreements that set out maximum benefits, royalties and obligations for both parties.





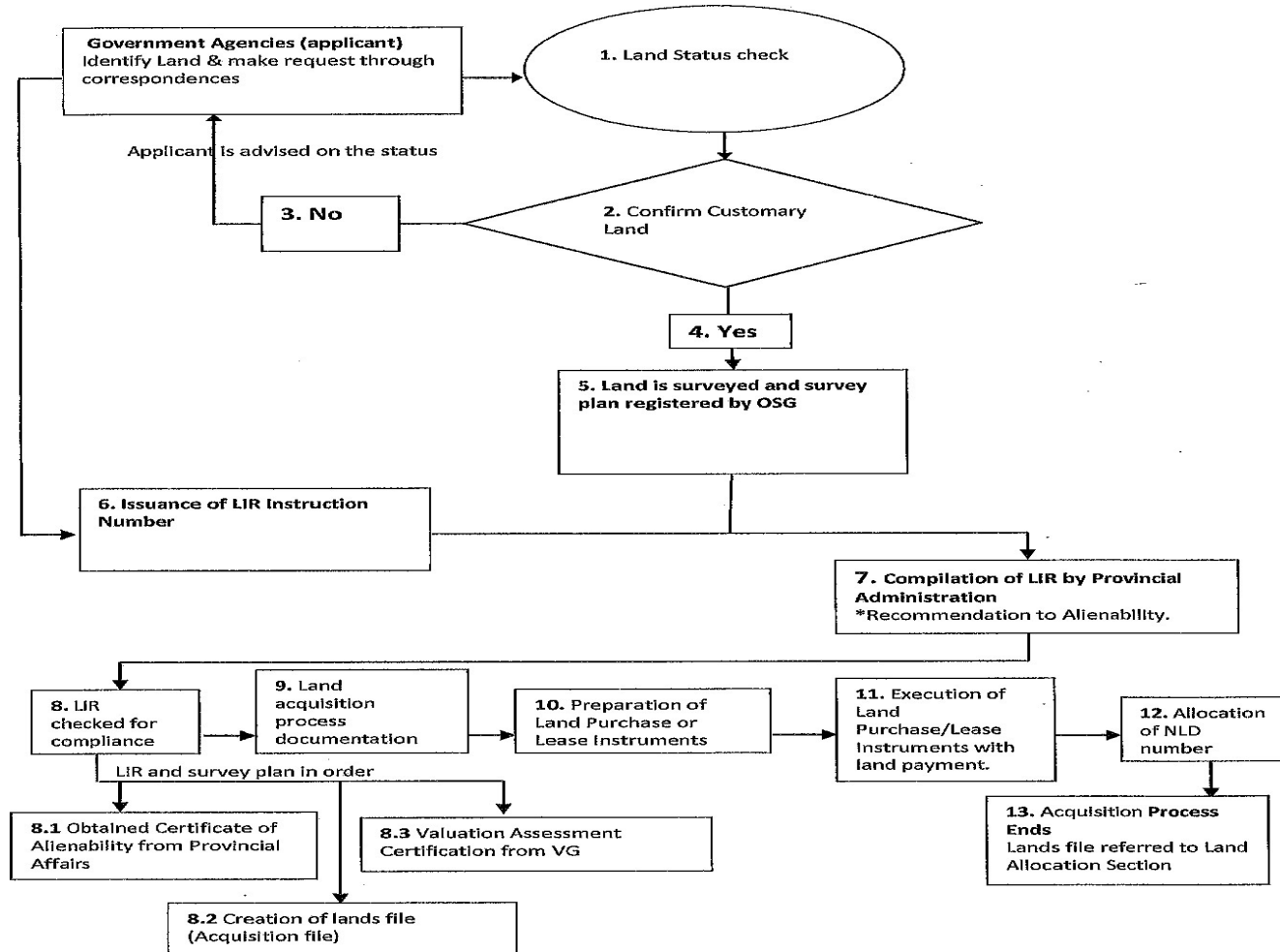
## 10. ACQUISITION OF CUSTOMARY LAND BY AGREEMENT.

- Section 10 of the Land Act 1996 is as follows:
  - Division 3. Acquisition by Agreement.
- 10. ACQUISITION OF CUSTOMARY LAND BY AGREEMENT.
- 1) Subject to Section 11, customary land shall be acquired in accordance with this Section and shall be authenticated by such instruments and in such manner as are approved by the Minister. (2) The Minister, on behalf of the State, may acquire customary land on such terms and conditions as are agreed on between him and the customary landowners.
- (3) Subject to Subsection (4), the Minister shall not acquire customary land unless he is satisfied, after reasonable inquiry, that the land is not required or likely to be required by the customary landowners or by persons on whom the land will or may devolve by custom.
- (4) Where the Minister is satisfied, after reasonable inquiry, that any customary land is not required or likely to be required for a certain period but is of the opinion that the land may be required after that period, he may lease that land from the customary landowners for the whole or a part of that period.





## FLOWCHART OF ACQUISITION BY AGREEMENT - SECTION 10 OF LAND ACT 1996





## Request Through Correspondence.

- The process started when Paruwia Holdings Limited wrote to the Secretary of the Department of Lands and Physical Planning seeking endorsement to convert customary land portions into Agriculture lease under Clause 4, Section 10 of the land Act 1996.
- The total hectares of land surveyed was 2,032.02 hectares.





## 7 ILGs that creates Paruwia Holding Limited

No.	Land Name	Portion Number	Land Area	Cat. Plan No.
1	Goghe	166C	150.90 ha	3/807
2	Joglingamo	167C	194.16 ha	3/807
3	Kinika	168C	151.52 ha	3/808
4	Wiaban	169C	304.73 ha	3/808
5	Tamakuale	170C	312.24 ha	3/808
6	Klelemo	171C	630.76 ha	3/808
7	Pukawa	172C	287.61 ha	3/808





The process was then spearheaded by the Customary Land Development Division.

Mr. Scott Gumahusa, Director and his Manager, Mr. Paul Kaima.

With the assistance of Mr. Lawrence Yimbin, Customary Lands Officer in ESP.

1. Land Status Check.

- Paruwia Holdings Limited consists of seven (7) ILGs. They had their ILG Certificates and their customary lands were surveyed and portioned as Customary Land with a suffix C.

2. Customary Land was confirmed.

3. NO- if no then the ILGs must be incorporated.

4. YES, Customary Land was confirmed so the process proceeded to 5.

5. Land is surveyed and Registered by the Office of the Surveyor General.

- In this case, the land was surveyed by t No1 Surveyors and Registered as plans Cat\_3/807 and Cat\_3/808.





## 6. Issuance of LIR Instruction Numbers

No.	Land Name	Portion No.	Land Area	Cat. No.	Instruction No.
1	Gogfhe	166C	150.90 ha	3/807	02/2025
2	Jogligamo	167C	194.16ha	3/807	03/2025
3	Kinika	168C	151.52ha	3/808	04/2025
4	Wiaban	169C	304.73ha	3/808	05/2025
5	Tamakuale	170C	312.34ha	3/808	06/2025
6	Klelemo	171C	630.76ha	3/808	07/2025
7	Pukawa	172C	287.61ha	3/808	08/2025





## Process Continues

7. Compilation of LIR by the Provincial Administration.
8. LIR Check for Compliance. LIR and Survey Plans in Order.
  - 8.1 Obtain Certificate of Alienability from Provincial Affairs.
  - 8.2 Creation of Acquisition File. (Land File).
  - 8.3 Valuation Assessment Certification from the Valuer General.
9. Land Acquisition Process Documentation.
10. Preparation of Land Purchase or Lease Instruments.
11. Execution of Land Purchase/ Lease instrument with land payment.





12. Allocation of NLD Numbers, and the NLD files are created. In this process, Suffix C is removed and the survey plan is Amended by the Surveyor General to convert to State lease

No.	Land Name	Portion No.	Land Area	Cat. No.	NLD No.
1	Goghe	166	150.90 ha	3/807	6933
2	Jogligamo	167	194.16ha	3/807	6934
3	Kinika	168	151.52ha	3/808	6935
4	Wiaban	169	304.73ha	3/808	6936
5	Tamakuale	170	312.34ha	3/808	6937
6	Klelemo	171	630.76ha	3/808	6938
7	Pukawa	172	287.61ha	3/808	6939





### 13.Acquisition Process Ends

- The land Allocation Section of the State leases Division will then prepare Instruments for ministerial determination and Direct Grant Under Land Amendment Act of 2025.
- **16. GRANT OF SPECIAL PURPOSE LEASES (AMMENDMENT OF SECTION 100).**
- Section 100 of the Principal Act is amended-
- By repealing subsection (2); and
- By inserting immediately after subsection (3) the following new subsections:
- **“(3A) The Minister may grant a Special Purpose Lease on customary land acquired or leased by the Minister under section 10.**
- (3B) The Minister may grant a special purpose lease to a government body which is the holder of a certificate under section 49.”.





## Conclusion

- In customary land development, Acquisition by Agreement Under Section 10 of the Land Act is the way to go. In this way, the original customary landowners retain the State Lease Title which is bankable and also has a monetary value that can be mortgaged to the commercial banks.
- After 50 years of Political Independence, PNG should be economically independent and that is including the East Sepik Province.
- Acquisition by agreement under Section 10 of the Land Act 1996 is the way to go.

