



## Uncovering the Transnational Networks, Organisational Techniques and State-Corporate Ties Behind Grand Corruption: Building an Investigative Methodology

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### Abstract

While grand corruption is a major global governance challenge, researchers notably lack a systematic methodology for conducting qualitative research into its complex forms. To address this lacuna, the following article sets out and applies the corruption investigative framework (CIF), a methodology designed to generate a systematic, transferable approach for grand corruption research. Its utility will be demonstrated employing a case study that centres on an Australian-led megaproject being built in Papua New Guinea's capital city, Port Moresby. Unlike conventional analyses of corruption in Papua New Guinea, which emphasise its local characteristics and patrimonial qualities, application of CIF uncovered new empirical layers that centre on transnational state-corporate power, the ambiguity of civil society, and the structural inequalities that marginalise resistance movements. The important theoretical consequences of the findings and underpinning methodology are explored.

### Keywords

Grand corruption; state crime; corporate crime; investigative methodologies; neoliberalism; megaprojects.

*Please cite this article as:*

Lasslett K (2017) Uncovering the transnational networks, organisational techniques and state-corporate ties behind grand corruption: Building an investigative methodology. *International Journal for Crime, Justice and Social Democracy* 6(4): 29-54. DOI: 10.5204/ijcjsd.v6i4.445.



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## Introduction

As a specific modality of corruption,<sup>1</sup> grand corruption is commonly distinguished by three factors (Bloom 2014; Jain 2001). First, it involves significant economic value, either in monetary or asset form. Second, the corrupt activity is ordinarily not an isolated incident, but rather part of a systemic pattern of conduct. Finally, it is enacted/facilitated by senior officials capable of harnessing policy, laws and organisational machinery to prosecute the requisite transactions, creating enduring institutional cultures, repertoires and processes that are favourable to corrupt forms of activity.

Research into grand corruption is beset by a number of significant challenges that have been experienced more generally by scholars inquiring into the crimes of the powerful (see Tombs and Whyte 2003). Most fundamentally, our ability to analyse and theorise grand corruption in its particular spatio-temporal forms depends on systematic fieldwork that can document in rich detail the national and transnational networks, schemes, mechanisms and infrastructure essential to its organisation. Unlike some arenas of social inquiry, where the challenge is primarily one of selecting the right set of methods for exploring an environment that is either welcoming or indifferent to the researcher, grand corruption research faces an object which is actively hostile to approximation.

As a result, the increasingly large scholarly landscape dealing with corruption has tended to focus on more accessible areas of inquiry, including definitional debates, macro-measures of corruption levels, gauging its economic impacts, and frameworks for evaluating anti-corruption initiatives (Schoeneborn and Homberg 2016; Torsello and Vernard 2016). Less urgency has been given to the task of producing robust empirical data sets that document the precise motivations, institutional structures, actor networks, illicit repertoires and terrains of impunity that underpin grand corruption schemes.

Unless serious attention is paid to grand corruption at a molecular, qualitative level—focusing on how it is organised, executed and concealed—through the development of comparable, investigative data sets and applied theory, understanding how and where it exists risks becoming educated guess work. Against this backdrop, this article applies a series of methodological innovations—the corruption investigative framework (CIF)—developed by the author in a bid to construct a systematic and transferable approach for qualitative grand corruption research, which is capable of documenting its organisational spokes, institutional mechanisms and facilitating activities (see also Lasslett forthcoming).

CIF has been honed through fieldwork in diverse settings, including Papua New Guinea (PNG) and Uzbekistan. To exhibit its exploratory power, a case study will be presented that focuses on a public-private megaproject in Port Moresby which will transform a former PNG national park into a luxury estate. This site will evidently be used to co-host the Asia-Pacific Economic Cooperation (APEC) summit, scheduled to take place in Port Moresby during November 2018, with support from both the PNG and Australian governments. Using CIF, data sets were produced which illuminate the key individual and organisational actors involved in this public-private initiative, including their professional biographies, ties with political power centres, core group adhesives, and the commercial repertoires employed to obtain and develop a prime Port Moresby location. Data analysis uncovered evidence of illegal transactions and conflicts of interest.

Critically, these results contain insights which adds a new dimension to existing scholarly and policy tracts on grand corruption in PNG. Informed predominantly by neo-patrimonial frameworks, the literature has focused on clientalistic models of distributive politics that have emerged within an ethnically fractured population, and a parliamentary system lacking coherent party politics. For example, the World Bank observes: ‘a particular characteristic of the traditional culture of PNG ... is a system of relationships/obligations between individuals connected by

common origin, hailing from common geographic area, sharing common kinship and common language ... [which] can provide a strong incentive for nepotistic and corrupt practices' (2011: 17).

Against this backdrop, the data presented here reveals transnational state-corporate activity that centres on complex forms of market and regulatory manipulation, designed to extract super-profits through targeting vulnerable revenue streams and assets. The latter activity was spearheaded by a developer coalition led by Australian-based executives espousing strong corporate social responsibility credentials, backed by key sections of the human rights community. This particular international dimension is perhaps not surprising: Australian corporate interests have dominated PNG's national economy over the past forty years since independence in 1975, drawing on the cultural capital and influence Australia enjoys as the former colonial authority. This dominance is justified by citing the beneficial role Australian investment plays in bringing 'development' to PNG and promoting good governance, a contention that is yet to be comprehensively scrutinised.

On that note, an introduction to CIF will now be provided, before I then turn to the case study and its theoretical implications.

### **The corruption investigative framework**

CIF is grounded in a unified approach to data collection and data analytics. This approach is facilitated through a set of elementary and advanced units of analysis that, as a whole, create an investigative vantage point for honing fieldwork and conducting data analysis. The elementary units include nodes (actors), ties (relations) and transactions. They are among the most basic constituting components of corrupt schemes. The advanced units of analysis capture the broader structures and processes of which elementary units form part. These structures and processes include network architecture, transaction sequences, node (actor) biographies and commercial/political repertoires, which as a totality helps to disclose the criminogenic motivations, opportunity structures and compliance cultures underpinning regionally specific forms of grand corruption.

Turning to the basic units of analysis, *nodes* designate the differentiated subjects (actors) and objects within a social system underpinning grand corruption. These include, for instance, individual actors, public institutions, corporate entities, valuable assets and forums (such as a conference or social club). Clearly, if grand corruption is to be empirically documented in its concrete, historical forms, key nodal points—such as 'fixers', front companies, political powerbrokers, targeted assets, important decision-making forums, and civil society actors mounting resistance—must be plotted. It is also vital that the *ties* linking nodes are traced. They might include ownership, partnership, kinship, contractor-client, employment or rivalry, to name just a few examples.

Of course, for a social system to exist, it must have active components that are instigating momentum. The *transaction* is a basic category designed to designate any single, identifiable action, which takes place within a social system. It might include, for example, the transfer of money between offshore bank accounts, or a government committee's decision to grant valuable economic rights to a particular firm.

The advanced units of analysis CIF employs have emerged inductively over a ten-year period, whilst researching grand corruption in the Pacific and Eurasia. They evolved out of finer-grained analyses conducted using the elementary units of analysis, which laid the foundation for building concepts capable of capturing the broader *structures* and *processes*, of which these molecular determinations are part.

The first advanced category, *network architecture*, focuses on the social network as an evolving totality, looking at the structured inter-relativeness between its constituting elements, and the concrete meanings these elements obtain as a result of the system to which they belong. For example, politician A may act as a bridge between investors B, C and D, and the President of a nation. By acting as a conduit between the investors and a paramount decision maker, politician A is able to fix public tenders using the President's office; while, the President enjoys insulation from the immediate zone of illicit activity, minimising the risk of exposure. From the President's vantage point, Politician A is a buffer; from the vantage point of the investors, he is a fixer; for both sides, Politician A is an asset. So network architecture is a frame that instigates a strategic focus on the dynamics that emerge from forms of inter-relatedness that can only be concretely uncovered by looking at the broader whole.

The *transaction sequence* is another advanced unit of analysis. It hones attention on inter-connected transactions, authored by a single or by multiple entities. In effect, this frame focuses the investigative lens on the different ways in which transactions may connect together to form part of a sequence that drives a corrupt scheme from conception to fruition. For example, an overarching sequence may involve marshalling security force members to intimidate rivals, journalists and civil society, which occurs in tandem with the rigging of a government committee, so an oil contract is awarded to an offshore company, owned by members of the intelligence services, who provide kickbacks to the President. Meanwhile, lawyers, bankers and accountants are contracted to launder the proceeds into safe havens in Europe and North America. Elsewhere I have set out in greater detail precise techniques that can be used to reconstruct transaction sequences (see Lasslett forthcoming).

*Node biography* is another advanced unit of analysis. It hones attention on particular individual and organisational actors within a network, looking at their existence through a life-history lens. Whether an individual, company or public institution, it becomes possible in some instances to capture how they have developed over time. In the case of individuals, this might include an expansion in particular forms of influence, the honing of specific skill-sets, and the command of key tools (for example, offshore accounts, shell companies, double accounting); or, in the case of organisations, the fostering of certain institutional cultures and customs, etcetera. Indeed, node biographies, in effect, offer a frame through which to understand how existing structures, processes, capacities and techniques potentially articulate a longer period of activity that has now congealed into criminogenic infrastructure, in the case of organisations, or expert personas proficient in illicit schemes, in the case of individuals.

By studying different node biographies and associated transaction sequences, established *commercial* and *political repertoires* that may exist in a particular field of practice can begin to be designated. These repertoires can expose enduring sets of techniques and informal bodies of knowledge, which individual nodes can master through association with skilled practitioners, so as to more effectively prosecute corrupt schemes within a specific sector of the economy, or within a particular government agency.

The fieldwork component of CIF is enacted using a number of digitally enhanced investigative methods, which aim to extract data from documentary records and interviews, that can help populate the elementary units of analysis outlined above. Once collected, the data sets are then coded and analysed using several techniques including investigative social network analysis (ISNA) and transaction mapping, which enables data relating to the elementary units of analysis to produce understandings that populate the advanced units of analysis, upon which theorisation and explanation can occur.

ISNA has been conducted using the community version of Maltego Casefile. Casefile allows node and tie data to be coded and mapped on digraphs (directional graphs) so that it can then be evaluated drawing on concepts developed within the social network analysis literature, which

help to disclose network power dynamics, weaknesses and vulnerabilities (see Figure 1 for the style of Maltego Casefile digraphic presentation). Transaction mapping compliments ISNA. Tiki-Toki was used to conduct the PNG research. This timeline software package allows transaction data to be plotted on a graph and coded on three bases: author, date and type (see Figure 2 for the style of Tiki-Toki graph presentation).

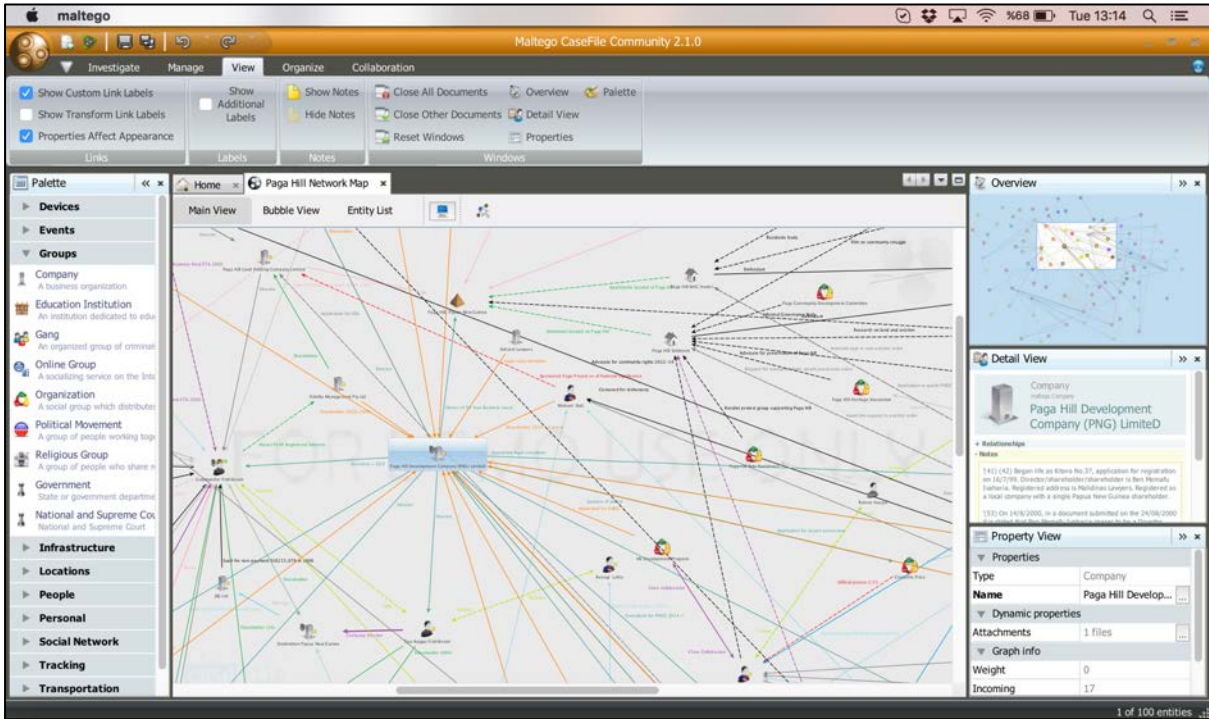


Figure 1: Modelling network data in Maltego Casefile

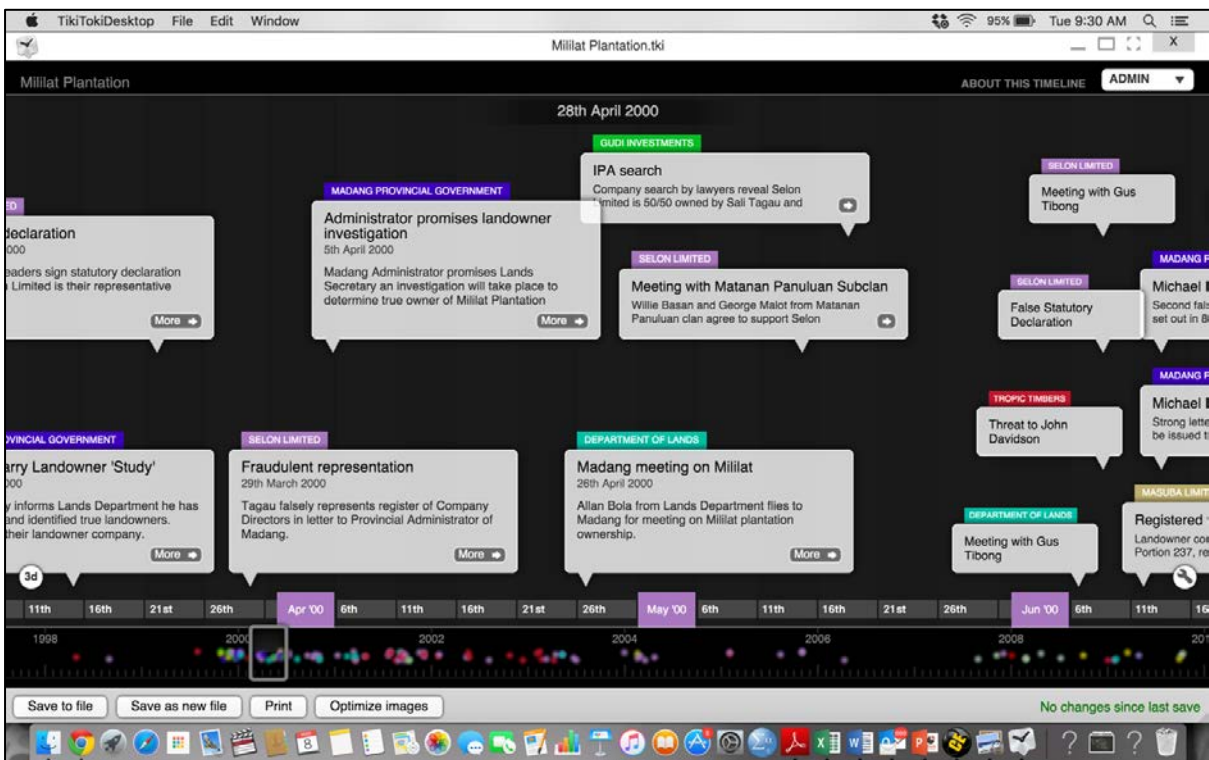


Figure 2: Modelling transaction data in Tiki-Toki

If CIF is to render meaningful results, it requires a reliable supply of data from the field. To that end, in the case study presented here, the author drew on documentary and oral sources. In the former respect, company records from PNG's corporate registry were accessed (certificates of incorporation, company extracts, share issue/transfers, director appointment/replacements, secretary appointment/replacements, annual returns); in addition, the registry was scraped—a method of batch data extraction from websites—in order to build a comprehensive list of corporate entities associated with individuals in the network (see below). Physical planning and lands data were obtained from the Department of Lands and Physical Planning,<sup>2</sup> and from the PNG government gazette. A database of anti-corruption reporting produced in PNG was also built, populated by reports the author located through office visits, library searches and online searches, including from the Auditor General's Office, Public Accounts Committee, Ombudsman Commission, Commissions of Inquiry, and the National and Supreme Court of PNG; this database facilitated background checks of network nodes (it now forms part of a public archive: see [www.pngiportal.org](http://www.pngiportal.org)). Searches of media reporting were conducted using Nexis and Google. To enhance the analysis and interpretation of data extracted from records, the author devoted considerable time to building both technical literacy and legal literacy in the relevant areas/sectors under examination. Time was also devoted to improving methods for data modelling and triangulation.

As well as documentary research, semi-structured interviews were conducted with civil society organisations representing affected residents including the Paga Heritage Association, Paga Hill Arts Resistance, the National Housing Commission Residents' Association (Paga Hill) and the legal team retained to advance the residents' National Court action. In addition, interviews were conducted with two senior executives from the proponent, Paga Hill Development Company (PNG) Limited; the Member of Parliament for Moresby South; and a land conveyancing expert with direct knowledge of the project. This oral and documentary data was then analysed using CIF.

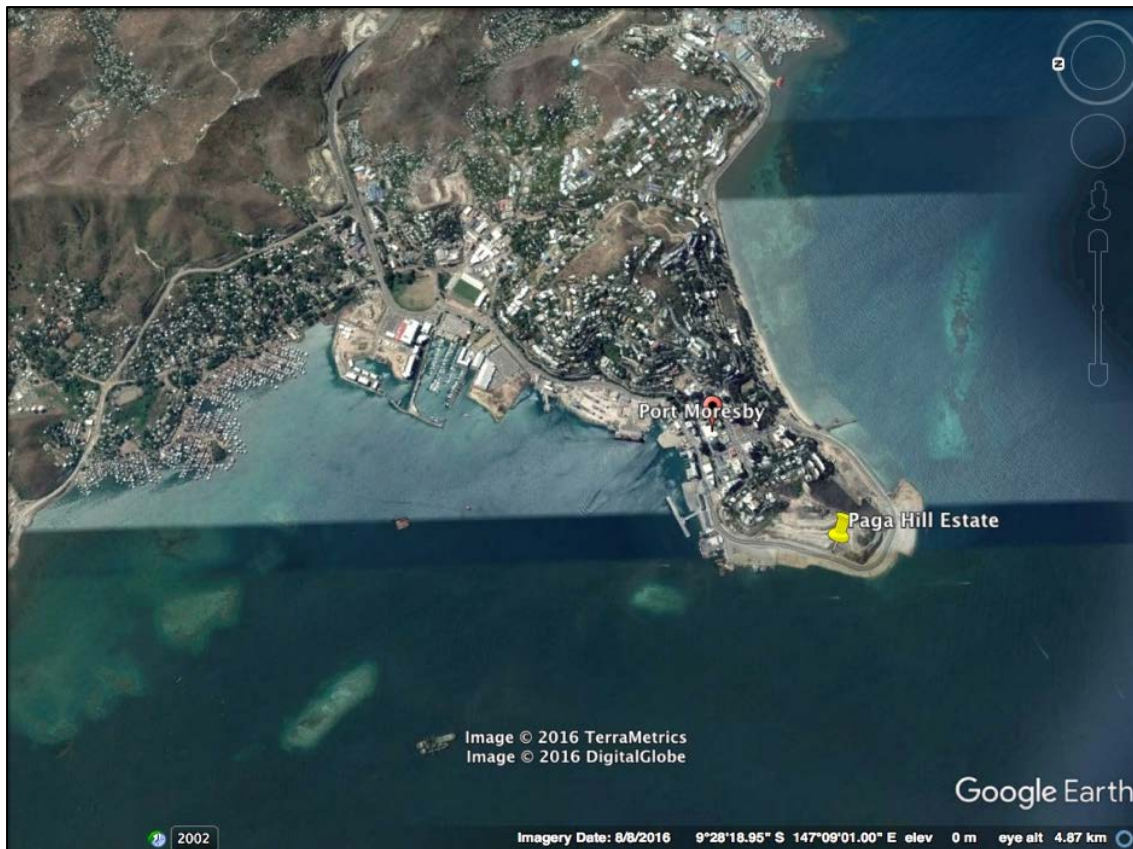
To that end, CIF's strength lies in data extraction, data consolidation and triangulation. Given grand corruption's opaque nature, CIF attempts to counter the substantial challenges fieldworkers face by generating a diverse range of information streams, tapped from numerous sources (as outlined above, for example). The aforementioned analytical tools sift relevant data connected to the elementary units of analysis from these streams. The information is then consolidated through data-modelling exercises using ISNA and transaction-mapping, which in turn allows the advanced units of analysis to be populated with processed data. This process of data analysis and triangulation as a totality aims to overcome weaknesses associated with any one data stream, or the fragmented way in which data will often be located during fieldwork.

On that note, I will now turn to the case study built using CIF.

## **'Corrupt dealings', state-violence and transnational market manipulation: The Paga Hill Estate**

### ***Introduction***

During 2016, the business press announced that the APEC summit, scheduled to be held in PNG's capital Port Moresby during 2018, would be co-hosted at a new luxury estate in the capital's harbour precinct valued at three billion Papua New Guinean Kina (K) (approximately US\$1 billion). The Paga Hill Development Company (PNG) Limited (PHDC) is the lead partner in a developer coalition charged with responsibility for this megaproject known as the Paga Hill Estate (named after the hill upon which the development will be built; see Figure 3);<sup>3</sup> other coalition members include the national government of PNG and Chinese investors (PHDC 2017).



**Figure 3: Paga Hill Estate site, 2016**

Source: Google Earth

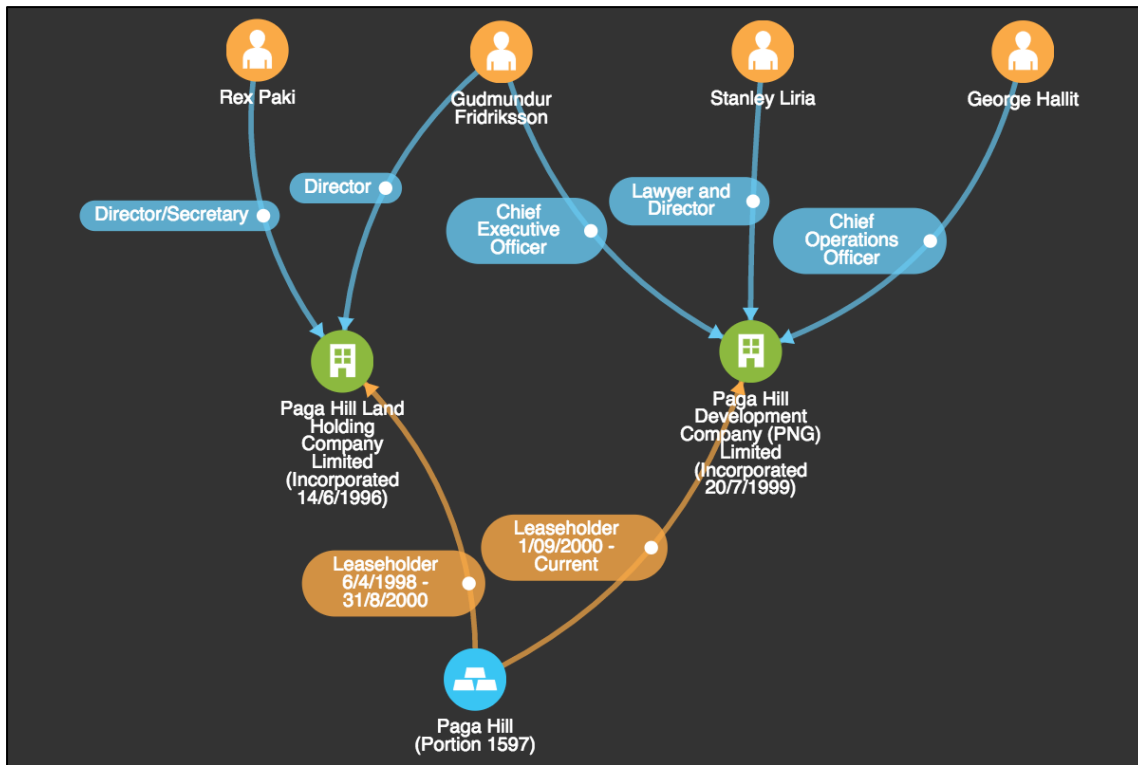
PHDC's most visible face is its colourful Chief Executive Officer, Gudmundur Fridriksson. Fridriksson's website biography (at [www.gudmundurfridriksson.com](http://www.gudmundurfridriksson.com)) states, he 'is a business leader with over 30 years of experience in managing major projects in Europe, China, Hong Kong, PNG and Australia'. Until 2012, Fridriksson acted as a senior policy maker in Australia, charged with responsibility for overseeing an ambitious programme of welfare reform within indigenous communities, in collaboration with the Queensland and Australian governments, which together invested over AU\$100 million in the welfare reform project.

PHDC also attracted attention because of its strong corporate social responsibility (CSR) policy. The keystone of this CSR policy, led by Dame Carol Kidu who is widely regarded as one of PNG's foremost human rights advocates, is its resettlement package for the communities displaced by the megaproject. This combination of professional excellence and human rights credibility led the United Nations Development Programme to formally commend PHDC.

However, on the margins of civil society, community activists allege that PHDC and its partners employed bribery, violence and intimidation to silence critics and forcefully displace residents (Fifer 2016). Research into these allegations began in 2012 using CIF, and continued for a further four years. A summary of the key findings will now be presented before looking at their theoretical implications. First, the social network underpinning the megaproject is examined; attention is also given to the important discoveries made after biographical data was collected on key executives at the centre of this network. I then turn to the transaction sequences which have been employed to enact the Paga Hill Estate, looking at the illicit moments which became apparent through the transaction mapping process. The case study concludes by looking at auxiliary players whose actions helped to buttress the developer's impunity. Throughout the presentation, CIF's techniques are referenced to demonstrate their impact on the data gathering and analysis process.

**The social network behind the Paga Hill Estate and key actor biographies**

The foundations of the Paga Hill megaproject rest on three core legal documents and two corporate entities. The three core legal documents are successive state leases that have been awarded over 13.7 hectares of land at Paga Hill known as portion 1597, a plot which had initially been reserved in 1987 as a national park. The first, a five-year Urban Development Lease, was issued to the Paga Hill Land Holding Company (PHLHC) in 1998. It was then transformed into a 99-year Business Lease in 2000. However, the lessee in this instance was a separate company, PHDC (see Diagram 1). A fresh 99-year Business Lease was issued over the property in 2009. Again the recipient was PHDC.



**Diagram 1: Executive team behind PHLHC and PHDC**

Source: Investment Promotion Authority

The first Paga Hill leaseholder, PHLHC, is closely connected to Gudmundur Fridriksson, and a prominent PNG businessman, Rex Paki. Paki was both a shareholder and director of PHLHC.<sup>4</sup> The other shareholders were Felix Leyagon—an employee at Paki’s accountancy company—and Fidelity Management Pty Ltd. The latter entity is an Australian company,<sup>5</sup> owned by proxy shareholders<sup>6</sup> based at the accountancy firm Sothertons. When registered addresses extracted from PNG company records were cross-referenced with Fidelity’s office at Sothertons in Western Australia, it became apparent that Gudmundur Fridriksson had used Sothertons as his registered address for a separate PNG holding company.<sup>7</sup> This strongly suggested he was linked to Fidelity Management, in addition to being a PHLHC director. The second main corporate vehicle, PHDC, which has held two state leases over portion 1597, is more closely tied to Fridriksson, his Australian colleague, George Hallit, and the company’s lawyer, Stanley Liria. During the fieldwork process, background checks were conducted on these core network nodes (actors).

These checks revealed that both Fridriksson and Paki had been implicated by public oversight institutions and journalists in a range of illegal activities. For example, Fridriksson had managed and owned companies censured in two media exposés, two Auditor General’s Office reports, four Public Accounts Committee inquiries, and the Commission of Inquiry into the Department of Finance (Table 1).



**Table 1: Paga Hill Estate executives and their links to public inquiries**

<i>Company and personnel</i>	<i>Inquiry citations</i>
<p><b>Paga Hill Land Holding Company (1996-2009)</b>                      Rex Paki – Director/Shareholder                      Gudmundur Fridriksson – Director                      Fidelity Management Pty Ltd* – Shareholder                      *Fidelity Management Pty Ltd is a Perth based holding company, which shared a registered address with Mr Gudmundur Fridriksson.</p>	<p>Public Accounts Committee Report to Parliament on the Inquiry into the Department of Lands and Physical Planning (2007)</p>
<p><b>Paga Hill Development Company (PNG) Limited (2000-current)</b>                      Fidelity Management Pty Ltd* – Shareholder (2000-2005)                      Gudmundur Fridriksson – Chief Executive Officer, Director and Shareholder** (2005-2009)                      George Hallit – Chief Operations Officer                      Stanley Liria – Director/Shareholder                      Michael Nali – Shareholder (2011-2016)***                      *Fidelity Management Pty Ltd is a Perth based holding company, which shared a registered address with Mr Gudmundur Fridriksson.                      ** Though Anvil Holdings Limited and Palimb Holdings Limited                      *** Through Kwadi Inn</p>	<p>Public Accounts Committee Report to Parliament on the Inquiry into the Department of Lands and Physical Planning (2007)</p>
<p><b>Anvil (PNG) Project Services Limited (2001-2005)</b>                      Gudmundur Fridriksson – Director/Shareholder*                      Gamoga Jack Nouairi – Director/shareholder                      * Through Asigau (PNG) Holdings Limited</p>	<p>Auditor General’s Office, Special Investigation into the Office of the Public Curator (2005)                      Public Accounts Committee Report to Parliament on the Inquiry into the Office of the Public Curator (2006)</p>
<p><b>CCS Anvil (PNG) Limited (2002-current)</b>                      Gudmundur Fridriksson – Director/Shareholder*                      George Hallit – Shareholder**                      * Though Anvil Holdings Limited and Palimb Holdings Limited                      ** Through Anvil Holdings Limited</p>	<p>Report of the Public Accounts Committee on the Parliamentary Services (2003)                      Auditor General’s Office, Special Investigation into the Office of the Public Curator (2005)                      Public Accounts Committee Report to Parliament on the Inquiry into the Office of the Public Curator (2006)                      Report of the Auditor General on the Sepik Highway Roads and Bridges Maintenance and Other Infrastructure Trust Account (2006)                      Public Accounts Committee Report to Parliament on the Inquiry into the Sepik Highway, Roads and Bridges Maintenance and Other Infrastructure Trust Account (2007)                      Commission of Inquiry into the Department of Finance (2009)</p>
<p><b>Ram Business Consultant</b>                      Rex Paki – Director/Shareholder                      Gudmundur Fridriksson – Former Employee*                      * According to the Auditor General’s Office (2005) Mr Fridriksson left Ram Business Consultants shortly before May 2000 to set up Anvil (PNG) Project Services Limited</p>	<p>Commission of Inquiry into the National Provident Fund (2002)                      Auditor General’s Office, Special Investigation into the Office of the Public Curator (2005)                      Public Accounts Committee Report to Parliament on the Inquiry into the Office of the Public Curator (2006)                      Commission of Inquiry into the Management of the Investment Corporation of Papua New Guinea and the Investment Corporation Fund of Papua New Guinea and all Matters Relating to the Conversion of the Investment Corporation Fund of Papua New Guinea to Pacific Balanced Fund (2007)                      Commission of Inquiry into the Department of Finance (2009)</p>

Source: Investment Promotion Authority and reports cited in column 2

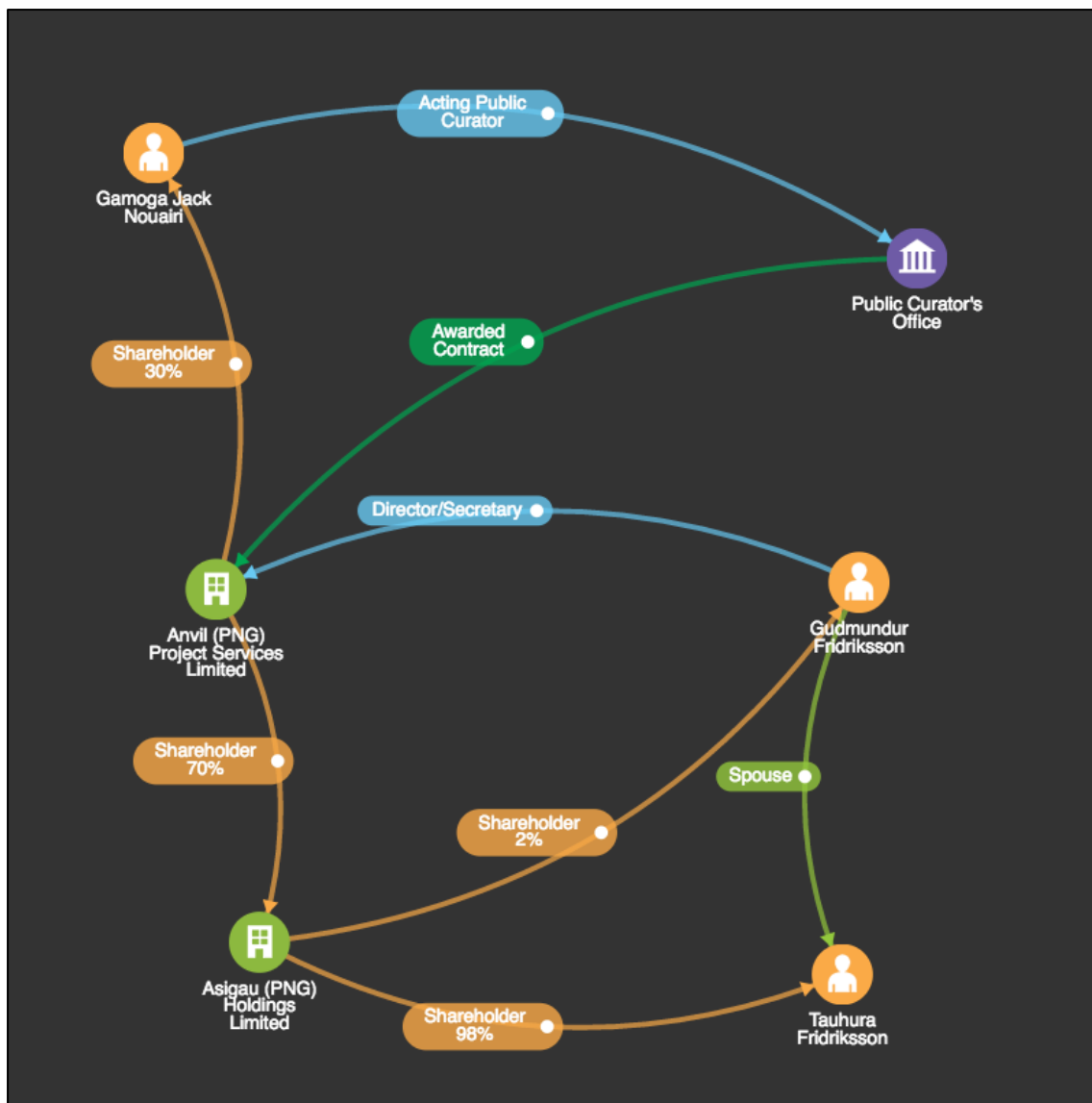
The first footprints, in this respect, emerged in the Icelandic press, where doubts were raised over a major Chinese industrial venture spearheaded by Fridriksson (Jónsson 1992). This was followed by articles in the Hong Kong media. Fridriksson was reported as having been sued for substantial arrears in rent and hotel tariffs (Laxton and Cheung 1993; Ng and Wan 1993). More substantive information on Fridriksson's commercial affairs emerged after he relocated to PNG, following his marriage to Air Nuigini flight attendant, Tauhura Asigau, whom he met in Hong Kong.

The couple launched a company, Destination PNG, which soon raised eyebrows when it was awarded a major book writing and publishing contract worth K\$2.5 million (approx. US\$1.92 million) by the PNG Government. The book was to celebrate 20 years of independence in PNG. Australian Broadcasting Corporation correspondent, Sean Dorney, claimed the contract was five times the going market rate (Dorney 1996). *The Australian* journalist, Mary-Louise O'Callaghan (1996) alleged a conflict of interest. 'Mrs [Tauhura] Fridriksson is a relative of Professor Renagi Lohia', O'Callaghan (1996) observed, 'who was chief-of-staff of the Prime Minister's Office of Sir Julius Chan, at the time Cabinet awarded the job'. In spite of the book being delivered late and 'full of sloppy mistakes' (O'Callaghan 1996), it was lauded by senior PNG politicians.

After the Destination PNG scandal, Fridriksson worked for the Port Moresby based firm, Ram Business Consultants (RAM), whose principal is Rex Paki (Auditor General's Office 2005). According to an Auditor General's Office investigation, the relationship ended in early 2000. The Auditor General claims during this period a lucrative contract awarded to RAM providing corporate services to the Public Curator's Office was revoked by the Acting Public Curator, Gomoga Jack Nouairi. Nouairi then commenced 'negotiations with Anvil Project Services to provide similar advice and services' (Auditor General's Office 2005: 43). This contract—which was awarded without competitive tender<sup>8</sup>—would evidently see Anvil net K5,120,464 (Auditor General's Office 2005).

Company records lodged with the Investment Promotion Authority reveal that Anvil (PNG) Project Services Limited was jointly owned by Asigau (PNG) Holdings Limited (70 per cent) and Gamoga Jack Nouairi (30 per cent) (Anvil (PNG) Project Services Limited n.d) (see Diagram 2). Nouairi was, as previously noted, the Acting Public Curator at the time Anvil was awarded the contract (Auditor General's Office 2005).<sup>9</sup> Asigau (PNG) Holdings Limited's two shareholders were Gudmundur Fridriksson and his wife Tauhura.<sup>10</sup> It would thus appear that after Fridriksson left RAM, he set up a rival company that, in effect, won a contract—in controversial circumstances—for services previously supplied in part by RAM. A subsequent inquiry into the matter conducted by the Public Accounts Committee (2006: 80)—drawing on the original Auditor General's investigation—concluded 'the retainer of Anvil by the Public Curator was riddled by illegalities and an unlawful waste of Estate monies'.

In 2002 Fridriksson established a second consultancy company, CCS Anvil.<sup>11</sup> Later the business would include a young Australian graduate George Hallit, who would become both a PHDC shareholder and its Chief Operations Officer. CCS Anvil was awarded a number of high profile contracts. For instance, it won a tender to head the National Parliamentary Efficiency Project. This project courted criticism in the national media when it was alleged that one of CCS Anvil's consultants was being 'paid K20,000 a fortnight almost three times the Prime Minister's salary' (*Post-Courier*, 25 April 2003: 4). When the Public Accounts Committee (2003: 13) examined the arrangement, it found 'the payment of K375,779 [approx. US\$105,000] to CCS Anvil had exceeded the original tender price of K200,000 and also exceeded the financial delegate limit for the Clerk of K300,000 Parliament set at by the Parliamentary Service Act'.



**Diagram 2: Actors in the contract awarded to Anvil (PNG) Project Services Limited**

Source: Investment Promotion Authority

CCS Anvil’s final public footprint can be found in reporting produced by the Commission of Inquiry into the Department of Finance. Evidence tendered during the inquiry indicates that CCS Anvil, in collaboration with Gamoga Jack Nouairi, aided a litigant to substantially inflate a compensation claim against the state—condemned as ‘fraud’ in the final report—in return for K1.4 million (approx. US\$400,000) (Davani, Sheehan and Manoa 2009: 276). However, by the time this report was published, Fridriksson’s interests had shifted to Australia where he was now heading up a welfare reform programme in conjunction with the Queensland and Australian governments.

I now turn to Rex Paki, Fridriksson’s key local collaborator during Paga Hill Estate’s inception (1997-2000). Paki has featured prominently in anti-corruption inquiries as a result of his co-ownership and management of RAM. The previously mentioned inquiries into the Public Curator’s Office, for instance, concluded that RAM had been paid K1,561,062 for 18 months work between 1998-2000, despite the fact there was no public tender, written contract, or certification of invoices. The hourly rate charged by RAM was also deemed ‘excessive’ (Auditor General’s Office 2005: 42-43; see also Public Accounts Committee 2006). The Auditor General (2005: 46) observed: ‘[o]f particular concern must be that after eighteen months of paying for services of

RAM the only result that could be reported to the Public Curator was a small amount of computer equipment’.

RAM also featured in the Commission of Inquiry into the National Provident Fund. The Commission concluded Paki and his firm were party to a complex fraud, from which they allegedly benefited through charging excessive fees via a contract secured through ‘nepotism’, and in violation of tendering requirements (Barnett 2002). Later, Paki was reprimanded by the Supreme Court of PNG. In this case he was sued for allegedly overcharging Motor Vehicle Insurance Limited by K792,512, when acting as liquidator. During the trial, the Supreme Court described Paki as ‘evasive and dishonest’ (*Paki v Motor Vehicle Insurance Ltd* [2010] PGSC 2).

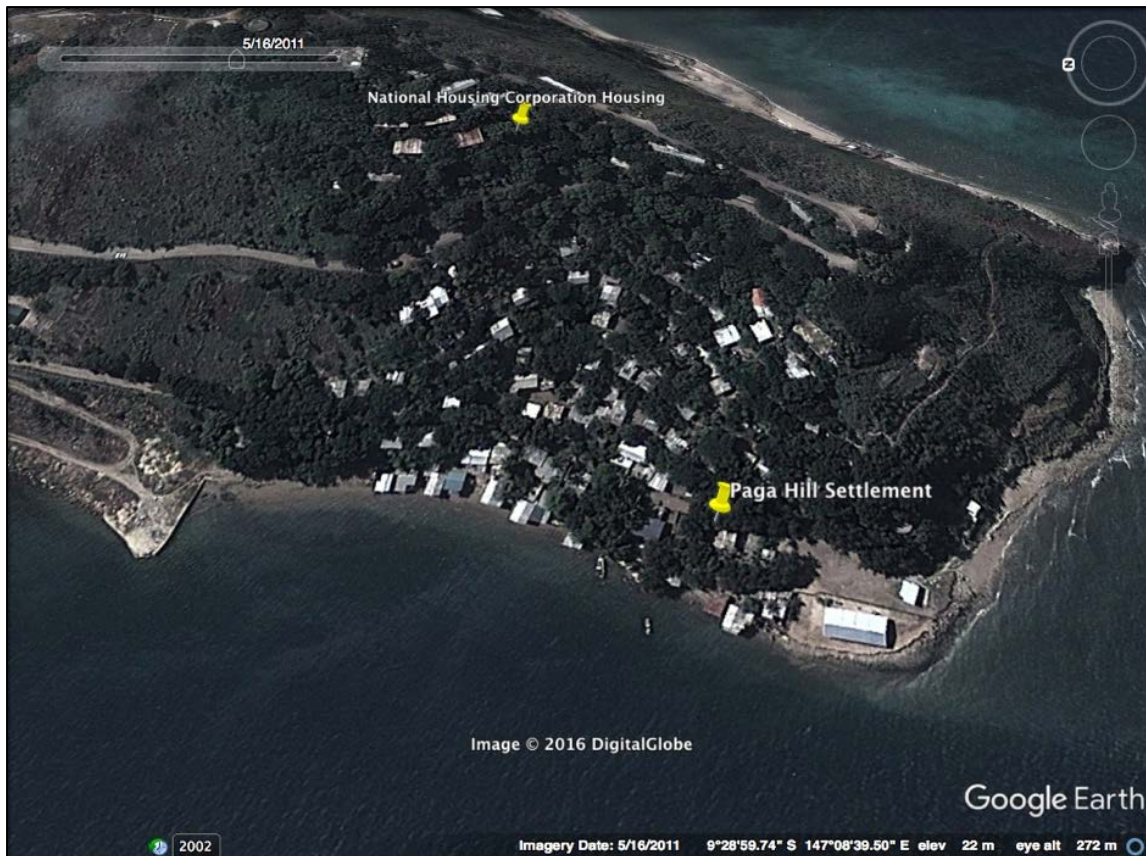
A distinct theme emerging from the evidence contained in the anti-corruption reporting and court archives is the existence of a reoccurring commercial strategy. In the accounts uncovered in these documents, a particular legitimate service is offered that appears in practice to be a conduit for forms of hidden, improper activity which are designed to capture an amplified share of revenues from vulnerable consumers (accepting that, ostensibly, the liberal-democratic state manages public funds on behalf of citizen consumers). In other words, whether it be deceased estates, a company in liquidation, a superannuation fund, or government agency, the consumer client—beneficiaries, creditors, retirees, the public—was in a vulnerable position as their interests were represented largely by institutions lacking integrity. As a result, the businesses concerned were able to negotiate inflated prices for services provided and it was this augmented return which appears to have been the common thread connecting different cases cited above. On occasions, the agents acting on behalf of the consumer client were shown to be sharing in the exaggerated profits. The evidence also suggests the executives involved were largely indifferent to the particular service provided: the opportunity for exaggerated profits appeared to be the prime lure. Furthermore, not only were state actors complicit in the activity, there was mostly no follow-up action by law enforcement agencies or the departments involved even when PNG’s public oversight agencies censured the conduct, a systemic problem that continues in PNG to this day.

Speaking more generally, this also points to the way in which capitalist political economies generate a significant opportunity structure for what David Harvey (1976) refers to as secondary forms of exploitation. This references the methods used by capital, as a heterogeneous class formation, to extract wealth, largely from the labouring masses, outside the moment of production; for instance, where a ‘slum’ landlord, or an energy cartel, gouge consumers through inflated and/or fixed prices. Of course, speculative stratas of capital whose business model is rooted in secondary forms of exploitation are indifferent to which revenues are preyed upon, whether it be a pension pot, wages, or taxation. Therefore, it is a modality of exploitation that can assume parasitic forms from an intra-class perspective.

On that note, it appears from the anti-corruption reporting that two key executives behind the Paga Hill Estate are part of this speculative strata. That raises the question of how this speculative repertoire extracted from the biographies helps to explain the transaction chain underpinning the Paga Hill Estate development, a matter to which I now turn.

### ***The Paga Hill Estate: Acquiring the land, evicting the residents***

Paga Hill is divided into a series of land portions; the paramount owner is the government of PNG.<sup>12</sup> The primary portion of land covering Paga Hill’s contested southern face is known as portion 1597. Until 2014, portion 1597 encompassed homes belonging to the government’s public housing authority, the National Housing Corporation, in addition to part of an informal settlement which was established on the site shortly after WWII, with permission from customary owners (who were, and are, fighting for reinstatement of their customary title), and government acquiescence. In total approximately 3,400 people lived on the hill (see Figure 4).



**Figure 4: Paga Hill, 16 May 2011**

Source: Google Earth

From 1987 until 1999, portion 1597 had been protected from any further development after it was zoned open space, and declared a National Park.<sup>13</sup> Therefore, during the data collection and analysis process, the primary objective was to document the transaction sequences which led to the reversal of this policy, and the awarding of National Park land to a concern seeking to build ‘a tourism city’. The seismic policy shift was in effect a symptomatic signal; the investigative methodology then entered as a diagnostic tool which aimed to uncover the processes underlying this irregular shift.

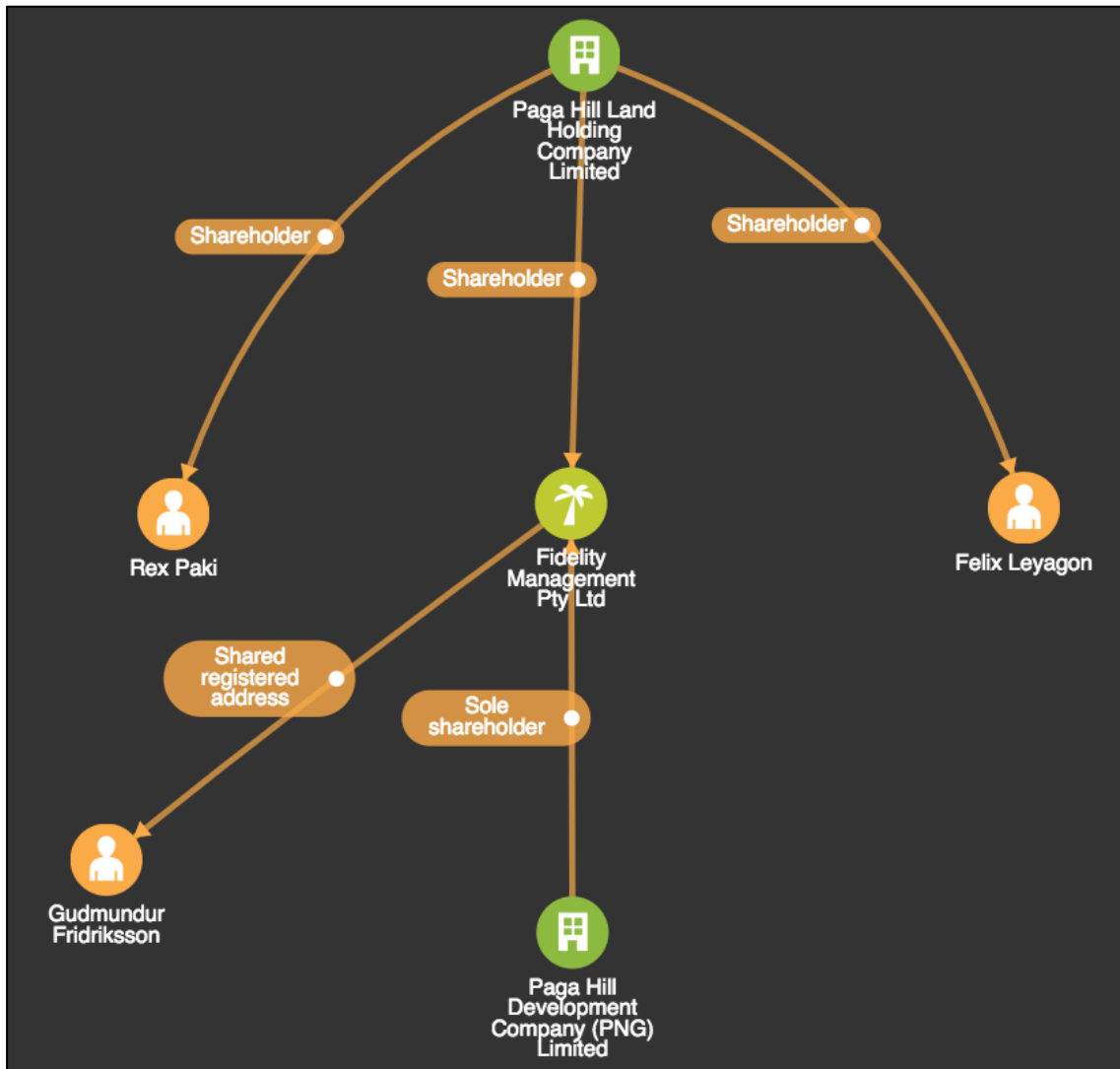
First, key legal/administrative documents relating to the land deal upon which the Paga Hill Estate rests were sourced. This involved leveraging contacts with Port Moresby professionals working in the land conveyancing field. Further checks were then conducted at the Department of Lands and Physical Planning, which stores property data on its LAGIS Land Management System. Copies of the relevant government gazettes recording the decisions to rezone the land and award it to PHDC and PHLHC were also located. In order to better understand the interrelationship between the landed transaction sequences and the corporate history of the latter organisations, company record data were triangulated with land transactions, modelled using both ISNA and transaction mapping.

To enhance analytical rigour, the author developed a working knowledge of the *Land Act 1996* (PNG), *Land Regulation 1999* (PNG) and *Physical Planning Act 1989* (PNG), in addition to the *Companies Act 1997* (PNG) and *Investment Promotion Act 1992* (PNG). This legislative material prescribes, for instance, set process that must be observed when acquiring a state lease or when registering to conduct business in PNG as a foreign enterprise. The challenge then became one of carefully mapping the content of key land, corporate and public records in order to detect whether anomalies occurred in the processes through which the land was acquired. Both ISNA

and transaction mapping are designed to act as clinical tools that help pinpoint these illicit moments from vast and often fragmented data sets.

The first transaction of note was the incorporation of PHLHC, which became the initiating vehicle for the land venture. The company was incorporated on 14 June 1996. Soon after incorporation, PHLHC initiated legal steps to have the Paga Hill land rezoned from open space, paving the way for a state lease over the property to be issued. Their initial planning application was rejected by the Physical Planning Board on 11 November 1996.<sup>14</sup>

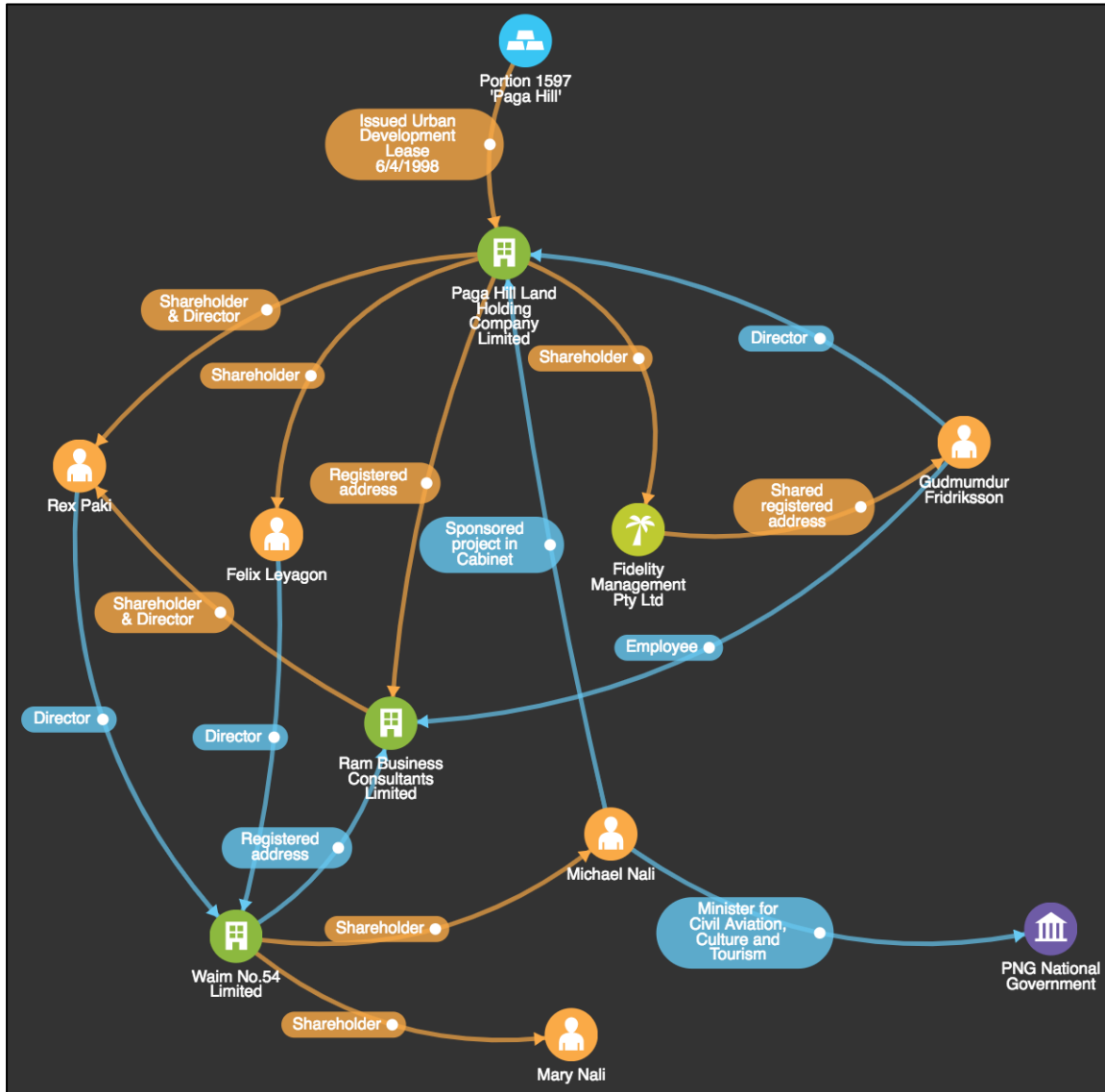
Several months later, however, the company secured political support from the Minister for Civil Aviation, Culture and Tourism, Michael Nali. Nali undertook to have the development endorsed by Cabinet as a 'property of National Significance'.<sup>15</sup> Company records reveal that Nali acquired a 9 per cent stake in PHLHC's successor vehicle, PHDC, on 16 December 2011 through his company Kwadi Inn Limited.<sup>16</sup> By this stage, Nali had lost his seat in parliament. Arguably of greater concern, at the time Nali undertook to sponsor the project, he jointly owned a company, Waim No. 54, with Mary Nali.<sup>17</sup> Waim No. 54 shared a registered address with PHLHC, while its Directors were Rex Paki and Felix Leyagon, who constituted two out of PHLHC's three shareholders (Diagram 3).



**Diagram 3: The ownership structure of PHLHC and PHDC in the year 2000**

Source: Investment Promotion Authority

With Nali's support, a five-year Urban Development Lease was issued to PHLHC on 6 April 1998 (refer to Diagram 4). Annual rent for portion 1597 was set at K30,000 (US\$16,500).<sup>18</sup> A mandatory improvement covenant was also inserted, 'to a minimum value of Three Hundred Million Kina (K300,000,000.00)' (approximately US\$165,000,000). Successful completion of these covenants would allow PHLHC to acquire a 99-year state lease over the site.



**Diagram 4: The Paga Hill Land Holding Company Limited 1998 network**

Source: Investment Promotion Authority

The *Papua New Guinea National Gazette* (2000) reveals that, when the lease was issued in April 1998, the Paga Hill land was still zoned open space; the lease, therefore, was issued in violation of the *Land Act 1996* (PNG), s 67 (Public Accounts Committee 2007). It was only rezoned two years later in 2000.<sup>19</sup> A subsequent Public Accounts Committee (2007) inquiry into the administration of state land examined the initial acquisition of portion 1597 by PHLHC. In addition to noting the above *Land Act 1996* (PNG) breach, the committee further observed that PHLHC had failed to both pay annual rent and honour the requisite improvement requirement.

An important intervening event occurred in 2000. Relations between Rex Paki and Gudmundur Fridriksson fractured, which appears to have precipitated a split in PHLHC management. On 14 August 2000, Fidelity Management Pty Ltd—the Australian corporate vehicle linked to

Fridriksson—acquired a recently renamed holding company, Paga Hill Development Company (PNG) Limited, from its Papua New Guinean owner.<sup>20</sup> Fridriksson's wife, Tauhura, and his Cairns neighbour, property developer Byron Patching, were appointed Directors of PHDC, while Fridriksson became Secretary. PHDC was now a foreign owned entity, and seemingly a PHLHC rival.

To lawfully conduct business in PNG, PHDC now required certification from the Investment Promotion Authority (see 32(4), *Investment Promotion Act 1992* (PNG)).<sup>21</sup> There is no record on the foreign certification registry to show that this took place. Nevertheless, on 1 September 2000, PHDC was awarded a 99-year Business (Commercial) Lease over the Paga Hill land. It is unclear why the lease was not issued to the Urban Development Lease holder, who is lawfully mandated to apply for the upgraded lease upon completion of the requisite covenants (Public Accounts Committee 2007).

That aside, there are a number of lease features worth noting. First, the improvement covenant dropped from K300 to K10 million (approx. US\$3.85 million). Second, for a short period, the rent was correctly set at K250,000 (approx. US\$96,000), which is 5 per cent of the land's unimproved value (see *Land Regulation 1999* (PNG)). However, in 2001 it was 'unlawful[ly]' reduced to K50,000 (approx. US\$19,000) by a Lands Department official (Public Accounts Committee 2007: 69). The Public Accounts Committee concluded 'prime land and a National Park, has been illegally given to a private, foreign speculator with no ability to even pay the Land Rental, much less build anything on the site' (Public Accounts Committee 2007: 70).

Although this public verdict did not prompt substantive action from the Lands Department,<sup>22</sup> it did stymie PHDC's capacity to attract investors. Accordingly, PHDC set about countering the findings. Following the 2007 elections, they lobbied the Public Accounts Committee's new Chair, Timothy Bonga.<sup>23</sup> Against the recommendation of the committee's legal adviser (interview, Dame Carol Kidu, 25 June 2012), Bonga issued a letter 'clearing' PHDC of any wrongdoing.<sup>24</sup> A year later the company was issued a new Business (Commercial) Lease over Paga Hill, which reaffirmed annual rent of K50,000, while dropping the improvement covenant from K10 million to K5million (approx. US\$1.85 million).<sup>25</sup>

PHDC's ownership structure also underwent change. Notably, the Fridrikssons formally relinquished their legal interest in PHDC. They were replaced by a number of Australian shareholders, including Tracey Veronica Kluck (3 per cent).<sup>26</sup> Kluck is the wife of Noel Pearson, a prominent Indigenous Australian lawyer and land rights activist who is the principal architect of Cape York Partners and the Cape York Institute, where Fridriksson had senior roles between 2008-2012. However, arguably the most significant change in PHDC's shareholding structure was the acquisition of a 60 per cent holding by Stanley Liria, the company's lawyer.<sup>27</sup> Liria is alleged to enjoy close kinship links with the current Prime Minister, Peter O'Neill,<sup>28</sup> and commercial ties with the Southern Highlands Governor, William Tipi.<sup>29</sup>

Another prominent Southern Highlands figure, Michael Nali, acquired a stake (9 per cent) in PHDC during this period through his company Kwadi Inn.<sup>30</sup> Kwadi Inn also held a significant interest (10 per cent) in NIU Finance Limited. NIU's last annual return list its Managing Director as Peter O'Neill, PNG's current Prime Minister.<sup>31</sup> Peter O'Neill again appears as NIU's largest shareholder through his investment companies.<sup>32</sup> This indicates that PHDC now possessed multiple lines of communication with the Prime Minister who, in PNG's political system, pools significant executive power.

By 2012, then, PHDC had, in effect, washed its state lease of the stigma associated with the Public Accounts Committee findings published in 2007, while tying itself to a powerful bloc of Southern Highlands businessmen, with close links to the Prime Minister. It was also more recently discovered that the company enjoys ties with William Duma, the State Enterprises Minister, who



has an equity stake in the venture (email, Eric Tlozek, 23 February). These strategic links, at least in principle, placed PHDC in a strong position to champion their development within senior political circles.

The final impediment confronting PHDC was the 3,400 residents on Paga Hill. According to resident representatives, during February 2012, PHDC obtained an order for their eviction from the National Court. When residents learnt of the court order, they petitioned for a special sitting of the National Court. It took place on a Saturday, 12 May 2012. While the case was being heard, PHDC initiated a forced eviction exercise, aided by the Royal PNG Constabulary (RPNGC). Homes along the reclaimed land were illegally demolished,<sup>33</sup> while police employed live rounds of ammunition on residents; fortunately no one was killed or wounded. The home demolitions ceased when lawyers returned with a court injunction (interview, Joe Moses, 18 July 2013).

Following a prolonged legal battle, National Housing Corporation residents were successfully evicted by PHDC in May 2014 and relocated to customary land at Six Mile on the eastern edge of Port Moresby, where they currently have no security of tenure. Conversely, settlement residents won their Supreme Court appeal on 1 July 2014. They continued, however, to experience ongoing intimidation at the hands of the RPNGC and the Port Moresby City Council (NCDC).<sup>34</sup> Then, on 22 July 2014, the settlement was demolished, allegedly by the NCDC and Curtain Brothers, a company which had been contracted to build a ring road around Paga Hill (Willie 2014).

Following the successful eviction of all residents from Paga Hill, ground work operations at the site began (see Figure 5). Meanwhile, the O'Neill government has agreed to act as an official development partner in the project, making it 'one of the country's biggest public-private partnership (PPP) projects' (*The National* 2016).



**Figure 5: Paga Hill, 15 June 2016**

Source: Google Earth

To summarise, a close examination of the transaction sequences underpinning the Paga Hill Estate reveals numerous anomalies, which indicate portion 1597 has potentially been awarded and administered in violation of the *Land Act 1996* (PNG) and *Land Regulation 1999* (PNG). Furthermore, for a period, the core corporate entity steering the transaction sequence, PHDC, appeared to operate in PNG as an uncertified foreign enterprise. Compounding matters, a Public Accounts Committee report pointed to further legal breaches, concluding that the land had been secured corruptly by foreign speculators. These anomalies and conclusions, however, have not irreparably harmed PHDC's fortunes. Through the turbulence, PHDC successfully leveraged its ties and influence, to secure national government backing for the project.

Crucially, this backing has allowed the company to maintain its control over a piece of land—at a discounted rate—which, once developed, will potentially allow PHDC to realise significant rents from this unique monopoly over harbourside property, in a market suffering notable shortages in supply. To appreciate the characteristics of this transaction, it must be situated within a broader theory of capitalist social relations and secondary exploitation.

To that end, from the perspective of investors, property titles are financial papers that gives them claim over future revenues through the lever of rents (which can be capitalised through sale). That is, a legally sanctioned monopoly over a particular space (via private property regimes) allows a charge to be levied, paid out of the consumer's revenues, which could come from wages, salaries, profits of enterprise, taxes, etcetra (Harvey 1976, 2012; Marx 1981). In this sense, money invested in real property accumulates by feeding on the revenue generated elsewhere in the productive economy (Harvey 2012).

In the case of property investors in PNG who primarily acquire landed monopolies through the vehicle of state leases, the equation is slightly more complex. Annual rent must be paid to the PNG government based on the land's unimproved value. The investor, therefore, speculates on the rent differential between the annual rent owed to the state, and the rent which can be extracted from the market. There is scope here for the rate of return to be increased through different forms of manipulative practice, which can take lawful, improper and illegal forms. For example, by artificially reducing the cost of acquiring the lease, illegally/improperly reducing the annual rent owed to the state, minimising the transaction costs associated with government approvals, ignoring time-bound contractual stipulations, and escaping competitive market pressures with state acquiescence, the investors are in a position to potentially amplify their rate of return.

It is apparent in the Paga Hill case that the developer coalition drew upon pre-established repertoires honed in other sectors in a bid to manipulate the rate of return, a dynamic which, of course, CIF is designed to uncover. In this instance, the methodology revealed evidence that key executives leveraged personal ties and influence, and exploited weaknesses in urban governance, in ways that enabled them to decrease rents, reduce acquisition costs, and escape competitive pressures. Again, these tactics were premised on a paramount asset-holder—the PNG people, through the auspices of the agent-state—being in a weak position. Compounding matters in this respect, their agent, the Lands Department, has a demonstrated history of acting improperly in support of private speculators, over and above their mandated responsibility to the PNG people. Thus, in the real estate sector, the core ingredients that this commercial repertoire—documented in the previous section—draws upon to extract super-profits can be observed.

However, as opposed to ventures such as a book publishing deal with the national government, or the provision of corporatisation services to the Public Curator's Office, for the Paga Hill land to render a substantial return, it will require a significant inward investment of capital. This has proven a critical variation to past ventures pursued by Paga Hill Estate executives. As a result, the transaction sequence has been elongated as the developer attempts to clean its image, and project the right balance of expertise, professional experience and political backing for an exercise of this scope. It is not clear whether the company will succeed in this respect.

Nevertheless, mobilisation and counter-mobilisation within civil society has played—and continues to play—a critical role in determining the megaproject's public fortunes, a matter which will now be addressed.

### ***Resisting and counter-resistance to the Paga Hill Estate***

Paga Hill residents resisting displacement organised themselves through three civil society organisations. The Paga Heritage Association managed the community's legal defence in partnership with the National Housing Corporation Residents' Committee (interview, Joe Moses, 18 July 2013). Complementing this activity, Paga Hill Arts Resistance channelled community energy into public education through demonstrations, art exhibitions and theatre (interview, Ratoos Gary Haoapa and Pius Wasi, 14 July 2013). They were supported by two international civil society actors: critical research on the proposed development, and the corporate actors behind it was disseminated by the International State Crime Initiative; while a documentary film-maker, Hollie Fifer (2016), presented these research findings and the community's story through a feature length production, *The Opposition*.

To counter community resistance, PHDC also mobilised support from within civil society. A critical link was forged with Dame Carol Kidu, arguably PNG's most acclaimed human rights advocate. Since relocating to PNG in 1969, Kidu has built an esteemed record in politics and civil society. In particular, she was the Member of Parliament for Moresby South from 1997 until 2012, a constituency that included Paga Hill. During this political career, Kidu served as Minister for Community Development from 2002 until 2011.

When the first demolition exercise occurred in May 2012, Kidu was still MP for Moresby South. She physically intervened to stop the eviction, and was forcefully escorted from the scene by police. When Kidu (2012) was later criticised for her 'emotional' reaction, she responded in the national press, stating: 'Yes I am emotional about the blatant corruption, greed and land theft in "modern" PNG'. Her involvement brought to the grass-roots movement emerging on Paga Hill a range of contacts and an immense public profile. During July 2012, Kidu retired from politics, and focused her attention on numerous civil society roles.

Then on 1 October 2012, Kidu incorporated a consultancy company, CK Consultancy Limited.<sup>35</sup> With her strong human rights profile, Kidu became a popular choice for companies looking to rehabilitate their public image such as Canadian miner, Barrick Gold and Rio Tinto subsidiary, Bougainville Copper Limited. However, as far as the Paga Hill case was concerned, it was her decision to accept a consultancy contract with PHDC that struck a significant blow against the resistance movement.

In total, CK Consultancy Limited was paid AU\$178,000 (approx. US\$160,000) by the developer to help relocate residents from Paga Hill to customary land in the Six Mile area of Port Moresby, which they would have to rent from customary owners through insecure contractual agreements (*Radio New Zealand International* 2014). Kidu featured prominently on the developer's promotional material and in media set pieces. She also published a formal letter of apology for her role in the campaign to save Paga Hill.<sup>36</sup>

Coupled with this public about-face, Kidu adopted an adversarial stance with former allies. For instance, she launched a civil action in the New South Wales Supreme Court against the documentary filmmaker Hollie Fifer. The action threatened to silence the feature film on Paga Hill—which captures Dame Carol's notable shift in stance—just as it was about to premiere at a prestigious film festival in Canada.

During the subsequent trial, it was revealed that PHDC had 'agreed to indemnify the Plaintiff [Kidu] in respect of her costs of these proceedings and also has paid the AU\$250,000.00 [in

security]’ (*Carol Anne Kidu v Hollie Fifer* [2016] NSWSC 982). Justice Rein dismissed Kidu’s action, noting ‘the impression gained is that the Plaintiff is prepared, for her own benefit and that of PHDC, to say anything to stop the footage taken of her by Ms Fifer being broadcast’ (*Carol Anne Kidu v Hollie Fifer* [2016] NSWSC 982).

Kidu, however, was not the only actor to lend their support to PHDC. The United Nations Development Programme (UNDP) lauded the company publicly for how the forced eviction exercise was conducted at Paga Hill. In front of a media contingent at a public ceremony celebrating the opening of the Six Mile community—where displaced residents were noticeably housed in crowded tents—the UNDP’s national head Roy Trivedy stated ‘what a fantastic example has been set ... it is an example not only for Papua New Guinea but for the world’ (PHDC 2014). This testimonial now features prominently in PHDC’s promotional material.

When Trivedy was subsequently presented with evidence which put into question both the integrity and human rights credentials of the Paga Hill Estate, he replied: ‘On the basis of the information I received, it was clear that the resettlement has led to positive improvements for the community. I am not in [a] position to comment about other activities that the company has been involved in’ (email, Roy Trivedy, 2 October 2014). No attempt was made by the UNDP to remove its brand from PHDC’s promotional material. A complaint was then lodged with the UNDP’s Office of Audit and Investigations.<sup>37</sup> The Office declined to take action. It claimed that the developer’s promotional material mistakenly references ‘UN’ Head, Roy Trivedy, rather than ‘UNDP’ Head; this copy-editing oversight, it was argued, meant the matter fell outside the UNDP’s jurisdiction (email, Ellen Gardner, 15 October 2015).

PHDC’s ascendant position in civil society was further boosted by a number of public interventions by the RPNGC, which issued a series of press releases praising the company. In one media release, Superintendent N’dranou Perou stated: ‘I must commend the Chief Executive Officer of the Paga Hill Development Company, Mr Gudmundur Fredrickson [sic] for not only having the vision to develop what will become a PNG landmark, but also for having the heart for the former tenants of the National Housing Corporation’ (RPNGC Metropolitan Superintendent 2014). This was one of several media set pieces conducted by the RPNGC in support of PHDC. During this period, PHDC also made a number of donations to the RPNGC and its charitable arm, the Royal PNG Police Legacy Inc. This included a K20,000 donation in support of the RPNGC’s Australasian Police & Emergency Services Game contingent (RPNGC Media Unit 2014), and a property valued at K1.2 million which was given to Police Legacy (PHDC 2016).

The complex network of support that rallied behind the Paga Hill Estate in opposition to the grassroots resistance campaign is not dealt with in its entirety here. It included, however, charitable organisations to whom PHDC donated money; national media outlets which regularly published testimonials celebrating the project; public relations experts who helped reform the venture’s digital face and public brand; and numerous government Ministers who championed the development in public forums. Nevertheless, a trend observable in the data is the synthesis between money capital and cultural/symbolic capital.

In contrast to the resistance efforts, which forged ties through a fabric of shared political, intellectual and social interests, the developer coalition rallied support from civil society organisations that, officially speaking, strongly rejected many of the key tactics employed in the megaproject. This feat appears to have been rooted in part on the strategic dispersal of money capital, both through consultancy contracts and donations, which helped fuse PHDC to organisations which could advance its legitimising agenda. The fact that such organisations professed goals antagonistic to the repertoires employed by PHDC and its project partners made their support all the more powerful. The data also points to the key role which civil society organisations can play in administering ‘backdoor’ attacks designed to hinder and delegitimise resistance movements operating from the margins of civil society.

### **From investigation to theory: Conceptualising the hidden and routine**

A core argument underpinning this intervention is that the development of systematic units of analysis, matched to investigative research methods and digital analytics, has the potential to illuminate the hidden networks and processes essential to the organisation of grand corruption in its regionally specific forms. The Paga Hill Estate—which the Public Accounts Committee (2007: 60) claims was secured for its current owners through ‘corrupt dealings’—offers an example of CIF’s probative power. To conclude, the theoretical implications of the empirical findings, and the methodology it rests upon will now be presented.

The Paga Hill Estate case study draws into sharp focus the notable difference between appearance and substance when researching processes that potentially fit within the rubric of grand corruption. This assertion has two layers. First, at the level of appearance, the Paga Hill Estate enjoys all the distinctive marks of corporate social responsibility: wide acclaim from human rights advocates and esteemed civil society organisations; an executive team with CVs boasting connections with high profile, socially sensitive projects; and strong engagement with charitable organisations. However, once this semblance was subjected to sustained investigative inquiry, a more ambiguous essence emerged, which was marked by speculative commercial repertoires that fused with a permissive urban governance regime to facilitate illicit transactions, whilst criticism was diluted through the strategic dispersal of money-capital.

Second, the substantive reality, which emerged following fieldwork and data analysis, grates against popular stereotypes of activity frequently described as ‘corrupt’ in PNG. Notable by their absence are ‘big-men’ politicians most commonly associated with illicit activities in PNG, although they played an important auxiliary role in the Paga Hill Estate project. Nevertheless, in this case, it was expatriate business figures who largely appear to be the prime movers of a project deemed corrupt (Public Accounts Committee 2007). Furthermore, once the transaction sequences were examined, this case, when set against a broader commercial repertoire, was clearly not a conventional instance of misappropriation, which is a common trope for thinking about corruption in PNG. Rather, it pointed to a more hidden—and arguably more routine—type of illicit activity, marked by regulatory and market manipulation, practices which are designed to dilute competitive pressures and gouge vulnerable asset-holders. Such routine hidden activity, however, only becomes apparent if sensitive methodologies are deployed to capture the intricate ways corporate, commercial and political mechanisms are applied over prolonged temporal stretches in order to amplify pecuniary returns.

These findings raise a number of important questions. To what extent are public and scholarly perceptions of activity, which fit within the grand corruption frame, shaped by understandings grounded in spectacular instances of corruption rather than its common, routinised, lengthy and often unsanctioned forms? And what are the potential consequences of the cleavage between perception and reality, for how corruption is theorised and people’s reaction to it?

Certainly, in the scholarly literature on PNG, variations of neo-patrimonial theory are frequently employed to make sense of grand corruption (see, for example, Kombako 2007; Kurer 2007; Larmour 2008; Standish 2007). Put simply, this argument explains corruption through the particular way individual identity, political groupings and business relations in PNG have become organised around clientalistic networks based on loose forms of ethnic/social solidarity, that become the prime levers around which decisions are made. While this framing certainly offers important insights into the mechanics of influence within elite circles and the tactics employed by ruling class cliques to diffuse resistance from below, it does not necessarily capture all the dynamics revealed by investigative research.

For example, in PNG, approximately 85 per cent of the population remains rurally seated in largely independent and autonomous customary agglomerations, where there is a strong

dependence on sustainable land use, and informal modes of governance fixed by customary norms. Furthermore, owing to the remoteness of many communities, combined with poor transport/communications infrastructure and a nascent civil society, there is ostensibly little in the way of formal democratic conversation away from national elections, which are primarily a superficial affair. As a result, the rural majority are largely spectators with an extremely curtailed view when it comes to formal economic and political activity.

Against this backdrop, an emerging body of investigative evidence suggests that the practice of grand corruption in PNG in part facilitates the neo-colonial looting of national resources and revenue flows (see, for example, Numapo 2013; Oakland Institute 2013; Oxfam Australia 2014). The beneficiaries of this process include foreign capital and a class of local fixers, managers and collaborators, who accumulate political power and wealth from mediating the activities (which is not to discount the growing role nationals play in organising, and benefiting from, swindles).

Certainly, in the Paga Hill Estate case study, evidence and reporting were cited that document a business clique led by Australian-based executives. They are alleged to have leveraged a network of personal and commercial ties to circumvent different forms of market regulation and competition, in order to inflate profit yields from service contracts and to acquire a prime state asset at a discounted price. In both instances, this saw a higher proportion of state revenues being taken (or denied) by those companies concerned than if they had observed governance norms. This pattern of deviant conduct can also be observed more widely in PNG, including in the forestry, fisheries, and real-estate sectors, and in the significant market for government contracts relating to infrastructure development and professional services. The cumulative effect of this activity is that a privileged nexus of national powerbrokers and a foreign investor class are seizing a growing share of national revenues and assets through deviant means, to the detriment of working class households and a sizable landed peasantry.

To understand this regionalised dynamic gleaned from investigative research, supplementation of more orthodox frameworks—such as neopatrimonialism—is needed, with theoretical approaches capable of unpacking the ways that global capitalism is able to systemically foster stratas of speculative investors who employ market/commercial transactions to yield super-profits, through various forms of manipulation. Elsewhere I have argued this requires a serious reengagement with Marx's theoretical work (Lasslett 2013, 2014; Lasslett et al. 2015), which offers an overarching framework for understanding how a global system rooted in the extraction of surplus value can also foster muscular tracts of secondary exploitation (Lasslett forthcoming). Additionally, when thinking about this dynamic in settings such as PNG, there is persuasive evidence that this theory could yield more results if married to insights developed within the neo-colonial canon. The latter body of theory helps focus attention on the way geographically-rooted forms of north/south exploitation can be maintained within a post-colonial setting of notionally independent nation-states. Continuing exploitation is ultimately defined by enduring disparities of power, which see exploitative and iniquitous relations maintained through a new armoury of techniques and methods.

This leads to the final point. CIF and other novel methodological approaches being developed by investigative researchers are not only a means for building rich descriptions of potentially corrupt practices. They are also a critical instrument for achieving more nuanced theoretical approximations of the mechanisms, processes and structures that sustain different regionalised regimes of grand corruption. Only when there is a mass of data sets that are systematic and capable of detecting grand corruption even in its most subtle and opaque forms can the building of robust theoretical traditions that help explain this phenomenon begin. All of these points put into question how effective existing anti-corruption efforts can be when such a theoretical task remains in an embryonic state to this day.

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<sup>1</sup> This is not the place to rehearse definitional debates over corruption. There are many common variations. The Tax Justice Network (n.d.), for example, argues: 'Corruption is the abuse of public interest and the undermining of public confidence in the integrity of rules, systems and institutions that promote the public interest'. Transparency International (n.d.) employ a more restrictive definition which defines corruption as 'the abuse of entrusted power for private gain'.

<sup>2</sup> Unless otherwise stated, all government agencies referred to in this paper are from PNG.

<sup>3</sup> Flyvbjerg (2014: 6) observes: 'Megaprojects are large-scale, complex ventures that typically cost US\$1 billion or more, take many years to develop and build, involve multiple public and private stakeholders, are transformational, and impact millions of people.'

<sup>4</sup> Paga Hill Land Holding Company Limited, Company Extract, Investment Promotion Authority, accessed 4 July 2012.

<sup>5</sup> Fidelity Management Pty Ltd, Current and Historical Company Extract, Australian Securities & Investment Commission, accessed 9 February 2014.

<sup>6</sup> Proxy here designates individuals or organisations which legally hold shares on behalf of a separate beneficiary.

<sup>7</sup> Asigau (PNG) Holdings Limited, Company Extract, Investment Promotion Authority, accessed 16 January 2015.

<sup>8</sup> Competitive public tenders are required under the *Public Finances (Management) Act 1995* (PNG).

<sup>9</sup> Anvil (PNG) Project Services Limited, Company Extract, Investment Promotion Authority, accessed 16 January 2015.

<sup>10</sup> Asigau (PNG) Holdings Limited, Company Extract, Investment Promotion Authority, accessed 16 January 2015.

<sup>11</sup> CCS Anvil (PNG) Limited, Application for Registration of a Company, Investment Promotion Authority, 25 October 2002.

<sup>12</sup> Survey of Portion 1597, Milinch of Granville, Fourmil of Moeresby, Cat. No. 49/2332, 17 March 1998.

<sup>13</sup> *PNG National Gazette*, No. G59, 10 September 1987.

<sup>14</sup> Letter from Bill Skate (Governor), Chairman, NCD Physical Planning Board, to The Managing Director, Paga Hill Land Holding Company (PNG), PO Box 269, Badili, NCD, 11 November.

<sup>15</sup> Letter from Hon. Michael Nali, Minister for Civil Aviation, Culture and Tourism, to Mr Byron Patching, Manager, Jones Lang Wootton International Property Group, Central Plaza One, 345 Queen Street, Brisbane, 4000, Australia, 27 February 1997.

<sup>16</sup> Paga Hill Development Company (PNG) Limited, Notice of Change of Shareholder (Share Transfer), Investment Promotion Authority, 16 December 2011.

<sup>17</sup> Waim No. 54 Limited, Company Extract, Investment Promotion Authority, accessed 27 March 2016.

<sup>18</sup> Independent State of PNG, Urban Development Lease (portion 1597), issued to Paga Hill Land Holding Company (PNG) Pty Limited, 6 April 1998.

<sup>19</sup> *Papua New Guinea National Gazette*, No. G54, 22 May 2000.

<sup>20</sup> Paga Hill Development Company (PNG) Limited, Notice of Change of Shareholder (Share Transfer), Investment Promotion Authority, 14 August 2000.

<sup>21</sup> Independent State of Papua New Guinea, Business (Commercial) Lease (portion 1597), issued to Paga Hill Development Company (PNG) Limited, 1 September 2000.

<sup>22</sup> The department and departmental officers enjoy, in practice, impunity. Senior managers implicated in corruption scandals, face no disciplinary measures of note; indeed, evidence demonstrates they are often promoted, even with serious blemishes against their name. While the National Executive Committee, whose members have been implicated in numerous land frauds, has demonstrated no motivation to rectify the situation.

<sup>23</sup> Bonga was a controversial appointment in light of the fact he had previously been removed from government by a Leadership Tribunal.

<sup>24</sup> Letter from Hon Timothy Bonga, Chairman Public Accounts Committee, to Mr Stanley Liria, Liria Lawyers, PO Box 82, Konedobu, NCD, 17 July 2008.

<sup>25</sup> Independent State of Papua New Guinea, Business (Commercial) Lease (portion 1597), issued to Paga Hill Development Company (PNG) Limited, 22 June 2009.

<sup>26</sup> Paga Hill Development Company (PNG) Limited, Notice of Change of Shareholder (Share Transfer), Investment Promotion Authority, 13 September 2011

<sup>27</sup> Paga Hill Development Company (PNG) Limited, Company Extract, Investment Promotion Authority, accessed 5 August 2012.

<sup>28</sup> This allegation was made by Dame Carol Kidu during a meeting with Dr Thomas MacManus, an International State Crime Initiative Executive Board member on 30 October 2015.

<sup>29</sup> Sharp Hills Investment Limited, Company Extract, Investment Promotion Authority, accessed 29 March 2016.

<sup>30</sup> Paga Hill Development Company (PNG) Limited, Company Extract, Investment Promotion Authority, accessed 5 August 2012.

<sup>31</sup> NIU Finance Limited, Annual Return 2009, Investment Promotion Authority, 2 July 2010.

- <sup>32</sup> NIU Finance Limited, Company Extract, Investment Promotion Authority, accessed 6 May 2016.
- <sup>33</sup> They lay outside portion 1597, to which the court order pertained.
- <sup>34</sup> Letter from Nicholas Miviri, Chief Superintendent, to The General Manager, Curtain Bros PNG Ltd, P.O. Box 441, Boroko, National Capital District, 25 July 2014.
- <sup>35</sup> CK Consultancy Limited, Company Extract, Investment Promotion Authority, accessed 3 April 2016.
- <sup>36</sup> Letter from Dame Carol Kidu, to Mr Gudmundur Fridriksson, Mr Stanley Liria, Mr George Hallit, Paga Hill Development Company (PNG) Ltd, 19 June 2015, available at: [www.damecarolkidu.com/letter-of-regret-to-paga-hill-development-company/](http://www.damecarolkidu.com/letter-of-regret-to-paga-hill-development-company/) (accessed 13 February 2017)
- <sup>37</sup> This complaint was lodged by the author in his role as Executive Board member at the International State Crime Initiative.

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