



PAPUA NEW GUINEA FOREST AUTHORITY

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MEDIA STATEMENT

Major reforms at PNGFA already addressing Act Now concerns

. . . Act Now invited to meet PNGFA to discuss concerns

Papua New Guinea Forest Authority (PNGFA) and the forestry sector, under the leadership of the Minister for Forest Hon. Salio Waipo, Chairperson of the National Forest Board Ms. Faith Barton and Managing Director Mr. John Mosoro, are undergoing a major reform that is already addressing concerns that Act Now has raised in their report titled: PNG Timber Legality Risk Assessment, 2023 which was published in Sunday Bulletin Newspaper on 15-22nd October, 2023.

PNGFA as an agency of Government regulating the management and utilization of the country's forest resources, is gravely concerned about the negativity of this report. This desktop report currently in circulation is not on par with current reforms that are taking place within the Forestry Sector under the Marape-Rosso Government. Since 2019, Prime Minister Marape has given his undivided support to the Forestry Sector to reform the sector and has given certain policy directives to give effect to the current reforms that are taking place within the sector.

As a responsible agency of Government and with the support of Donors and International partners through funding and technical support, PNGFA is addressing the alleged issues. The international partners are in communication with PNGFA to address these shortcomings. If these international partners are supporting PNGFA in addressing the alleged problems, why can't you both in-country and international NGO groups collectively work with the PNGFA to address the shortcomings as alleged.

We respond to the issues raised by Act Now as follows:

1. Overview of timber exports

Little forest plantation development is due to land tenure system which poses a challenge for plantation establishment, however PNGFA is developing mechanisms to ensure landowners free up land for plantation development. Timber concessionaires do pay minimal reforestation levy of between K1.00 – K5.00 per cubic metre, depending on agreements between

parties, however these amounts are insufficient to do any meaningful reforestation program.

Much of the existing plantations are located on state land with only a few, especially woodlots, are established on customary land.

2. Corruption in Papua New Guinea

The issue about timber illegality; what is illegal timber? The International Tropical Timber Organization's (ITTO) definition of illegal timber is "removal of logs in a manner that is against the provision of relevant laws". European Union's definition is "the harvesting of timber in contravention of the laws and regulations of the country of harvest". PNG timbers are from legally permitted and licensed projects and do comply with the two definitions mentioned here.

The high rating of various corruption indexes does not necessarily mean that corruption is taking place only in the forestry sector. It covers all other sectors of government and the private sector as well and whether they are adequately assessed is questionable.

PNGFA has taken measures and continues to do so to weed out corruption in the sector. That is why forestry laws are quite stringent according to international reports such as the 2007 ITTO Diagnostic Mission report. PNGFA is currently reviewing the Forestry Act to patch loopholes or gaps to prevent potential areas of corruption, among other areas, to ensure the forestry sector realizes its full potential in terms of sustainable socio-economic contribution and environmental preservation.

3. Corruption in the Forestry Sector

The Commission of Enquiry (CoE) into aspects of forestry and the forest industry sector in the late 1980's, revealed widespread corruption, due to loopholes in the repealed Forestry Act, however, measures have since been taken as per the recommendations of the CoE. The recommendations of the CoE formed the basis of the 1991 National Forest Policy and legislative framework and their subsequent implementation and enforcement. One of the great things about the reforms is that the decision-making process is decentralized where respective Provincial Governments through their Provincial Forest Management Committees (PFMC's) deliberate on projects and any other matters, prior to them being deliberated and decisions made by the National Forest Board. There is a high level of acceptance of the recommendations which includes, putting in place the policy and legislative framework, a unified forestry administration and all other policy instruments to ensure socio economic contribution while at the same time taking measures to ensure environmental considerations are observed.

Regarding the 2003 review team which we think was levelled at the acquisition and allocation processes, these have been adequately responded to at that time and that processes have been complied with. There are 34 Forest Management Agreement (FMA) acquisition and allocation steps involved which are required to be complied with before a project is allocated. Free prior informed consent is obtained at project awareness, acquisition stage, allocation and operational stages.

With regards to a forest governance Integrity baseline Report published by Transparency International PNG in 2011: Operations of the PNGFA have been within the confinement of the Forestry Act and other related laws. In terms of monitoring of logging operations, it is undertaken to the best of PNGFA's ability, given the limited manpower and financial resources. While in terms of royalties, they are paid in accordance with the prescribed rates set by the Minister for Forests. Currently, the landowners are receiving higher royalty courtesy of the increased rates in 2021 by the Minister for Forests.

The conclusions deduced by Chatham House of the aforementioned report in 2014 are vague with no substance. Agricultural clearances are undertaken under provisions of the Forestry Act, and due processes are complied with.

The Oakland Institute report: Preferred by Nature's 2017 Legality assessment report ascertaining government's failure to obtain free prior informed consent, is baseless and unsubstantiated as the consultation process commences from the project planning stages to implementation to operational stage. It is a continuous process until the project ends due to the diminishing of the forest resources in the concession area. Forest resources affected by CITES are observed eg,; rosewood is not exported in log form but processed. To address potential tax issues, on 29th June, 2023, PNGFA signed an MoU with the Internal Revenue Commission (IRC). The said MoU was also entered into for both agencies of government to understand each other's roles and responsibilities.

The risk conclusions are not fair and there is no justification and are merely perceptions with no concrete evidence. The items listed under the legal category and sub category are the core areas in which the PNGFA, and relevant government agencies, ensure the timber industry complies, while in areas where the government undertakes as prerequisites to logging operations, these are adequately undertaken. The conclusions imply that there is no PNG Forest Authority regulating the forest industry as each legal category are in RED. This is outrages to the PNG Forest Authority as it administers a key economic sector that ensures the provision of socio economic and environment benefits to the people of Papua New Guinea. The Internal Revenue Commission's (IRC's) findings of illicit tax evasion based on transfer pricing, has been reviewed to have been misreported as matters have been clarified.

4. Licenses Issued in breach of National laws

The *Timber Rights Purchase (TRP) agreements* were entered into between the government and the landowners where the government after concluding the agreement with landowners, ensures a reputable developer is identified in accordance with established procedures. Even though it is replaced by the Forest Management Agreement mechanism of acquiring the timber rights pursuant to the Forestry Act 1991 (as amended), there are TRP projects still existing under the savings provision of the said Forestry Act 1991.

The Global Witness report that US\$75,000 is paid to the PNGFA for extending a TRP is false and such damaging reporting tarnishes the good name of the PNG Forest Authority and the government of PNG and above all questions the sovereignty of this country.

Forest Clearance Authority (FCA) type operation as reported are intended for agriculture and comes under the jurisdiction of the Department of Agriculture and Livestock. The PNGFA facilitates it through the issuance of the FCA permit based on meeting all its stringent application requirements from DAL, CEPA, Lands and Physical Planning Department because areas of forests are cleared for establishing agricultural projects, mainly oil palm development and to ensure that logs harvested are exported or processed in accordance with the log export procedures and domestic processing policy or license requirements respectively.

In an effort to ensure that the FCA type operations are adequately operated and complying to the law, a moratorium was imposed for issuance of new FCA projects since December, 2022. The one-year moratorium was to give ample time to PNGFA to do an audit of all existing FCA projects to ensure compliance. The audit is being done and the outcome will be presented to the Board to decide the future of FCA type projects.

Forest Management Agreements (FMA)

The government ensures that FMA processes are complied with before allocating the timber resources to a reputable timber company. The PNGFA and the government pride the FMA process as the main instrument to obtain consent of forest resources owners and that the project applies sound forest management principles. Regarding the National Forest Plan, a plan is a plan of intension. As and when resources become available and that landowners give their consent and supported by the provincial government, the projects are processed for operationalization. The reports are baseless and question the legitimate mechanisms of the government pursuant to the Forestry Act.

It is to be noted that Papua New Guinea is a sparsely populated country. The government ensures that resources such as forestry are used as a development tool to bring about socio economic development in the mostly

