

Masalai i tokaut

Number Five: 22 June 2002

Chamber of Commerce undermines forest governance reforms.

The PNG Chamber of Commerce has deliberately blocked forest governance reform by putting the forest industry back on the National Forest Board. This is contrary to the intention of reforms passed by Parliament in amendments to the Forestry Act.

Those amendments removed the logging industry lobby group, the Forest Industries Association, from representation on the National Forest Board. This was in response to what was seen as a gross conflict of interest situation and undue logging company influence on the Board.

In making its decision, Parliament was particularly conscious of the attempts by the Board to grant the giant Kamula Dosa logging concession to Rimbunan Hijau outside normal procedures and against the advice of the PNG Forest Authority. The Ombudsman Commission has investigated this matter, though its final report has not yet been published.

To replace the logging industry on the National Forest Board, the Forestry Amendment Act, gave a seat to the Chamber of Commerce. The Act specifically provided that the nominee of the Chamber should not be from a 'foreign owned or controlled company dealing in timber'.

But now, in a slap in the face for the PNG Government and all those working for forest industry reform and against corruption, the Chamber of Commerce has nominated the Forest Industries Association as their representative on the National Forest Board.

The Forest Industries Association is funded by a voluntary levy from logging companies based on the volume of their log exports. This means that PNGs

largest logging company, Rimbunan Hijau (a ‘foreign owned and controlled company dealing in timber’), is the principal financial supporter of the FIA.

Rimbunan Hijau has been at the center of a number of logging controversies including the allocation of Kamula Dosa and the recent illegal extension to the Wawoi Guavi timber permit. RH has also recently been revealed to be illegally employing hundreds of foreign workers as tractor drivers, cooks and machinery operators in its logging camps.

Despite the Chamber of Commerce having taken a vocal role in the ‘Community Campaign against Corruption’, it seems that the Chamber is happy to deliberately undo governance reforms in the logging sector by putting the FIA back on the National Forest Board.

The Chamber of Commerce decision not only defeats the intention of Parliament and blocks a much needed reform measure, the appointment is a direct breach of all normal conflict of interest rules and it has been made despite the clearly suspect history of overseas logging companies in PNG.

Forestry Amendment Act 2000:

INDEPENDENT STATE OF PAPUA NEW GUINEA.

No. of 2000.

Forestry (Amendment) Act 2000.

Being an Act to amend the *Forestry Act 1991*,

MADE by the National Parliament.

1. MEMBERSHIP OF THE BOARD (AMENDMENT OF SECTION 10).

Section 10 of the Principal Act is amended -

(a) in Subsection (1) -

(i) in Paragraph (b) by repealing the word “finance” and replacing it with the following:-

“planning and implementation”; and

(ii) by repealing Paragraph (c) and replacing it with the following:-

“(c) a representative of the Papua New Guinea Chamber of Commerce and Industries nominated by the Chamber, who shall not be a principal or employee of a foreign owned or controlled company dealing in, trading in or contracting in relation to timber;” and

(iii) by repealing Paragraph (d) and replacing it with the following:-

(d) a citizen being the President of the Association of

Forestry Act 1996:

Forestry (Amendment No.2)

3. **REPEAL AND REPLACEMENT OF SECTION 10.**
Section 10 of the Principal Act is repealed and is replaced with the following:-

"10. MEMBERSHIP OF THE BOARD.

- (1) The Board shall consist of -
- (a) the Managing Director, *ex officio*; and
 - (b) the Departmental Heads, *ex officio*, of the Departments responsible for finance matters and environmental matters respectively or their nominees (who shall be of a level in the Public Service not less than that of Assistant Secretary) appointed by the National Executive Council; and
 - (c) the President of the Forest Industries Association, *ex officio*, or his nominee; and
 - (d) the President of the Association of Foresters of Papua New Guinea, *ex officio*, or his nominee; and
 - (e) a provincial administrator, to represent Provincial Governments, appointed by the National Executive Council from a list, submitted to the National Executive Council by the Minister, of two provincial administrators selected by the Minister responsible for provincial affairs in consultation with the Provincial Governors; and
 - (f) one member, to represent non governmental organizations, appointed by the National Executive Council from a list, submitted to the National Executive Council by the Minister, of at least two persons selected by a nationally recognized body, registered with the Department responsible for home affairs matters, representing non governmental organizations; and
 - (g) one member, to represent forest resource owners, appointed by the National Executive Council from a list of two persons selected in accordance with Subsection (2) and submitted to the National Executive Council by the Minister.

Forest Industries Association Presidents Report 1999:



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PRESIDENTS REPORT 1999

Firstly I would welcome all members and company representatives to the Association's AGM for the year 2000.

1999 Financial Report notes:

and related institutions. The budget records a small surplus for the year but the realisation of this will depend on containing costs and the achievement of estimated production levels.

2. Levy Income

Associate and Service levies remain unchanged at K1,000 and K500 p.a. respectively. Ordinary levies increase from 0.15t/M3 to 0.20t/M3. Assumed log production will be 2,000,000M3, unchanged from 1999, with FIA membership covering 85% of this, levies will be paid on 1,700,000M3. An increase in the ordinary levy rate will avoid having to make further draws against the IBD, which should this be done, would leave very little, K10,000, in reserves by year's end.

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