

Now what? Proposed forestry guidelines for Papua New Guinea

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Sustainable use of Papua New Guinea's forest resources has been the subject of numerous public debates since the 1989 Barnett Inquiry exposed the environmental damage resulting from logging operations and concluded that the forest industry is 'right off course'. Since the Inquiry, however, there has been unprecedented growth in the number of timber concessions granted. The permitted cut in 1993 is three times the estimated sustainable level and the trend is to maintain this level until the end of the twentieth century. Three main factors are responsible for the increase in timber allocations

- the high world market price for timber
- the Cabinet's deferred consideration of the proposed Forestry Guidelines which would give the Minister of Forests the power to review current permits
- the lack of proper data on resource availability resulting in inadequate planning.

The Rapid Resource Appraisal carried out by the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in 1993 has given the early warning signal — the production forest area is less than half of what everyone thought (AIDAB 1993). Recent research has shown that the data on logged-over forest areas in Papua New Guinea are unreliable (Nadarajah 1993). In order to assess the issue of Papua New Guinea's forest resource sustainability, five aspects of the forestry sector should be examined.

- research
- forestry legislation
- environmental legislation and policy
- forest management
- the participation of customary land owners.

This article briefly reviews two of these issues—forestry legislation and the resource owners' participation in forest development. (See Nadarajah 1993 for an examination of all five areas.) Because of

the unique land tenure system in Papua New Guinea, where 97 per cent of the land is under customary ownership, the social factor—the resource owners' participation—is arguably the most important factor in the future direction of forestry in the country. Reviewing the past few years' events in forestry and forestry related issues in Papua New Guinea, it is becoming evident that this social aspect is a strong determining factor in the sustainability of the forests, and perhaps the most significant counterbalance to multinational logging companies.

Forestry legislation

Papua New Guinea's forest policy was revised in 1979. In the mid-1980s, however, the need to re-examine forest management was recognised (Department of Forests 1988). The Barnett Inquiry (1989) led to a review of forest legislation and the initiation of forestry industry reform.

The new Forestry Act 1991

The new Forestry Act passed by National Parliament in October 1991 replaces all previous national legislation on forestry matters. It basically reflects the objectives and strategies of the new Forest Policy (1991) of the national government. The Act provides for the preparation of a National Forestry Plan setting out national development guidelines and national issues and containing the long-term plans of the provinces. The National Forestry Plan is to interpret policy and translate it into a broad description of forest usage and classification (Department of Forests 1989).

The old Timber Rights Purchases and the Timber Permit system which did not provide for landowner knowledge, participation and economic control, has been replaced by a Forest Management Agreement which must be negotiated with landowners.

Proposed national Forestry Guidelines

New Forestry Guidelines for the National Forest Plan were submitted to Cabinet, but were deferred for further review (*Post-Courier*, 25 June 1993). (Since completion of this article, the Minister of Forests has announced the National Executive Council's endorsement of the plans.) According to the new guidelines, logging projects could commence only in areas designated as production forests by the provincial government and earmarked in the National Forest Plan. Through a landowners' awareness program the landowners will be able to consider various options for the development of their resources. After deciding on a forest project, they may enter into a Forest Management Agreement, and after that, expressions of interest will be invited from operators through a public tender process (Minister for Forests, Tim Neville, *Post-Courier*, 19 July 1993).

The Minister for Forests asked the Forest Industry Association for response and input (*Post-Courier*, May 1991) on how to achieve the commitments in the proposed Guidelines

- adjusting current timber harvest levels to sustainable levels
- reducing permitted log export volume
- introducing a new forest revenue system (*Post-Courier*, 14 May 1993).

In fact, it is proposed that log exports be not only reduced but phased out by 1997 (*Times of Papua New Guinea*, 14 July 1993).

The responses of different sectors of the community to the Forestry Guidelines have been mixed. The recommendations of the 'Efficient Resource Use' sub-theme of the Waigani Seminar held in August 1993, supported and called for immediate action on the commitments. Cabinet, however, will make a decision concerning the ban on log exports early in October (*Post-Courier*, 30 September 1993).

The Forest Industry Association felt that the government's wish to have logs processed in the country prior to exporting was not feasible. The industry also contested the proposed log levy system under which operators would be charged a fee based on a 'stumpage' (*Post-Courier*, 3 June 1993). This system is seen as an advantage by environmentalist groups, such as Friends of the Earth (PNG), since it requires the companies to pay for the wastage they create on the forest floor.

The National Alliance of Non-Government Organisations supported the speedy implementation of the Forestry Guidelines, and refuted the Forest Industry Association's claim that jobs would be lost if the level of logging in the country was reduced. Instead, they argued, the new guidelines will provide a much wider opportunity for the involvement of landowners (*Post-Courier*, 19 May 1993) and more jobs for local people. There are numerous reports of foreign logging companies bringing in their own people for jobs (such as jinker drivers), which could be easily filled by local people.

Realising the importance of landowner participation in determining the future of forestry, the Forestry Industry Association helped to form the Papua New Guinea Resource Owners' Association. The spokesperson for the Association claimed that 'if the State wishes to interfere with people's rights to buy and sell what grows on their own land, there will be serious trouble'. This statement relied on the advice of an Australian Queen's Counsel commissioned by a foreign-owned company to study the 1991 Forestry Act. The Forests Minister's response was a warning to logging companies 'not to drum up landowner support for the allocation of new timber permits' (*Post-Courier*, 19 July 1993). The particular Queen's Counsel was described as being 'detached from reality in Papua New Guinea' by the *Times of Papua New Guinea* (August 1993), and his objectivity and understanding of Papua

New Guinean landowners, especially in relation to customary ownership was questioned.

In effect, the Association advocates reverting to the Timber Rights Purchase and Timber Permit System of the repealed Forest Private Dealings Act 1971, a complete reversal of the findings of the Barnett Inquiry (1989). The Forest Resource Owners' Association and Forestry Industry Association have proposed an amendment to the 1991 Forestry Act in the form of a Private Member's Bill. The overall effect of the Bill would be to give all powers of project approval to the Forestry Board, with members comprising

- three Forest Industry Association members
- three Forest Resource Owners' Association members
- the Managing Director, National Forest Service
- the Secretary, Department of Environment and Conservation
- a member selected by the National Premier's Council.

The proposed Board will not have a non-government organisation representative, although they fought hard for representation when the Forestry Act was introduced in 1991. Three members representing the Forest Industry Association cannot be justified and one wonders if it is intended that the Association replace the government on the Board.

Ban on log exports

The Department of Forests' most recent direction is to review permits which have been issued during the past three years, aiming at eventually banning log exports. This action is justified on the following legal and logical grounds.

1. Forest resources are renewable resources, but at the current rate of

exploitation, they will not be sustainable. Initially, the operable forest was estimated to be in the order of 15 million hectares, but the latest CSIRO estimate of operable forest is about half of that area (AIDAB 1993).

2. This direction is in line with Papua New Guinea's Fourth Goal and Directive Principle, 'Replenishment of the Resource' which refers to the use and preservation of Papua New Guinea resources.

3. Log export bans to encourage downstream processing are in line with regional thinking. With the exception of the Solomon Islands, neighbouring timber exporting countries introduced log export bans years ago.

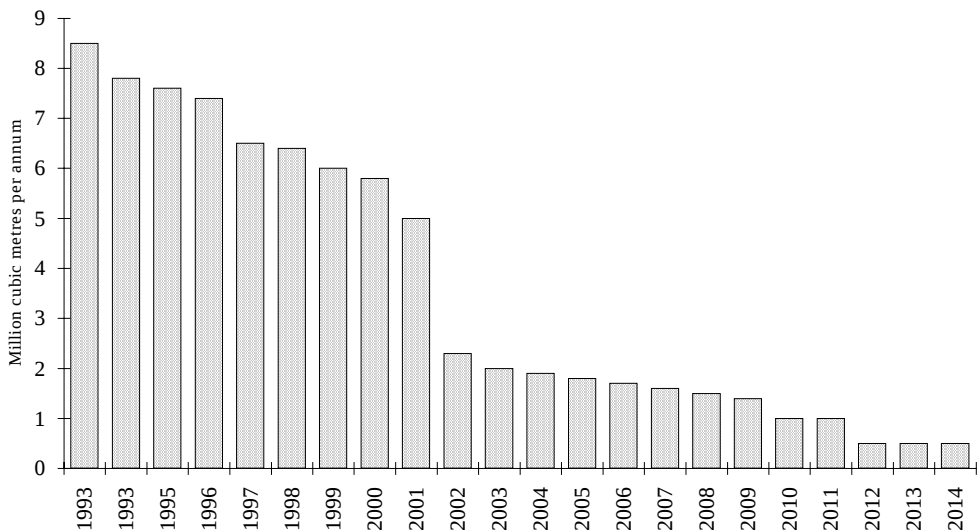
4. The International Timber Trade Organization (ITTO) has given timber producing countries until the end of the century to produce timber which is sustainably grown (ITTO 1990). Papua New Guinea's commitment to such a high level of permitted cut cannot be sustained

beyond the year 2000 (see Figure 1). Even if Papua New Guinea had any worthwhile forest left by the end of the century, it may not have a buyer in the world market because the timber will not have been produced on a sustainable basis.

The CSIRO estimates a sustainable level of cut at 3 million cubic metres per year (AIDAB 1993), but current concessions (beginning with 8 million cubic metres in 1993) permit a high cut rate until the end of the century.

The Private Member's Bill sponsored by the Forest Resource Owners' Association and the Forestry Industry Association is in conflict with the Papua New Guinea Constitution when it proposes to 'remove all power of government to restrict log exports in respect of existing agreements'. The Private Member's Bill undermines the policy of achieving sustainability which is the aim of the Fourth Goal. Both the Private Member's Bill and the Forestry

Figure 1 **Papua New Guinea: current total permitted cut, 16 July 1993**



Note: The total permitted cut for the period 16 July 1993 to the end of 2014 is about 76 million cubic metres. This assumes no existing permits are renewed or new ones issued.

Source: Forest Management and Planning Project.

Guidelines are still under debate in the Parliament, however, the delay in enforcement of the guidelines has resulted in an estimated loss of millions of kina in revenue to the resource owners.

The Forestry Industry Association has proposed two elements to be taken into account in future forestry planning

- maintenance of existing levels of activity, particularly in isolated and undeveloped rural areas
- implementation of conditions creating a favourable environment for investment in downstream processing, where viable opportunities exist (*Post-Courier*, 18 May 1993).

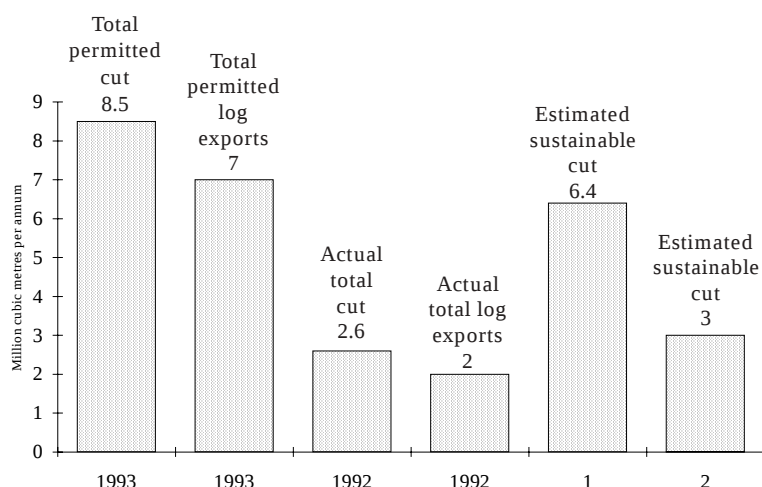
There are several faults in these proposals. First, the current level of permitted cut in allocated timber concessions (Figure 1) is almost three times the CSIRO estimated sustainable cut (AIDAB 1993). A comparison of permitted cut and sustainable cut is shown in Figure 2. The Forest Management and Planning Project

has shown that the permitted level of cut cannot be sustained beyond the year 2000 (Everts 1993) (Figure 1).

Second, the Forest Industry Association's emphasis on 'undeveloped' areas is unjustified. There is no evidence that commercial logging has brought development to remote areas. In fact, both De'Ath (1980) and Barnett (1989) found that people have not financially benefited (by way of royalties or levies) from these activities. The AIDAB Report (1991) shows that the logging companies' record of providing non-financial benefits to remote areas, such as roads and schools, has been no better.

Third, the Industry Association's support for downstream processing, contains a critically important conditional clause—'where viable opportunities exist'. Nearly every feasibility study of downstream processing in Papua New Guinea has found the investment environment to be 'not viable'. The usual

Figure 2 **Comparison of permitted and sustainable cut**



Note: 1 and 2 are CSIRO estimates, the smaller estimate (2) is recommended.

Source: Forest Management and Planning Project

reasons given are the remoteness of Papua New Guinean forest resources and geographic conditions.

The role of forest resource owners in the immediate future

The Barnett Inquiry found that the lack of landowner participation in resource development and environmental degradation were the two major areas of neglect in the forestry sector; a third problem area was the lack of proper forest policy (Barnett 1989). All parties, including the forest industry, non-government organisations and the Papua New Guinean government, have recognised the necessity of people's participation in the development of forest resources, and the potential for improving the economic gains of forest resource owners has been addressed in the new Forestry Guidelines.

Lacking appropriate policy, the government has failed to respond to the issue of landowner participation in the past. Under the old Forestry Act, Timber Rights Purchase and the Timber Permits were negotiated by the government on behalf of the resource owners, making landowners 'passive bystanders' while their resources were exploited (Barnett 1989). Brunton (1993) criticised Timber Rights Purchase agreements as 'inequitable and unconscionable' in that

- they lacked adequate consideration
- huge areas of timber were sold off by illiterate and uninformed vendors
- the agreements were complicated and could not be understood by customary landowners
- landowners did not know what they were signing (Brunton 1993).

One landowner reported at the 1993 Waigani Seminar that some of the agreements were even signed by persons using the names of people who were

already deceased.

In recent years non-government organisations have taken an active role in what is known as an 'awareness' process. The focus of awareness programs includes the environment and conservation, and legal and human rights. Both increased pressure by Asian logging companies and environmental concerns have motivated some resource owners to form conservation groups (grassroots non-government organisations). One example is the Barai Community Conservation and Resource Development group, initiated by the Barai people of Oro Province.

The campaigns of some of the non-government organisations are beginning to produce changes in government policymaking. For example, a Rabaul-based environmental group called Pacific Heritage Foundation discovered and documented a breach of migration laws and regulations by foreign companies which obtained work permits by unlawful means (Lotu 1993). To rectify the situation, the Secretary for Labour and Employment took the unusual decision to stop issuance of work permits by the department's officials. Instead, the work permits of the forest products harvesting industry were to be approved by the Secretary of the Department of Labour and Employment only (*Post-Courier*, 10 September 1993). The Secretary stated that foreigners had obtained work permits for jobs such as driving bulldozers, tractors, graders, and even for cooks (*Post-Courier*, 10 September 1993).

Another grassroots organisation, the East Sepik Council of Women, founded in 1975, has developed a broad agenda and repertoire of development programs and resource people, including active participation in and initiation of awareness programs for three major logging operations in East Sepik Province (Sundra 1993). The non-government organisations are working together and effectively

utilising each other's complementary resources to realise their projects. For example, legal advice regarding resource agreements is obtained from a non-government organisation with legal expertise, the Individual and Community Rights Advocacy Forum, whereas specialised environmental advice is being obtained from scientific institutions such as Wau Ecology Centre, and community-based information from the Melanesian Environmental Foundation.

The Papua New Guinean media have showed unprecedented interest in the forestry issue and maturity in portraying the views of all parties involved in forestry issues. The most recent example was the *Post-Courier's* 18 August 1993 edition carrying an eight-page advertisement submitted by a major Malaysian logging company, Rimbunan Hijau, a public statement by the Minister for Forests, and a one-page public announcement by the National Alliance of Non-Government Organisations.

The Melanesian concept of land stewardship

An overall mechanism facilitating meaningful landholder participation is lacking in Papua New Guinea. The questions which must be addressed are

- What is the most effective level of people's participation, policy or management?
- What mode of decision-making—wide and open consultation (discussion)?
- What is the most appropriate unit of community—entire clans (ethnic groups) or chosen representatives?

Some predict that energy will be the most important issue of the next century. In my view, landowners and landowning will be the single most controversial issues in the next 20 years in Papua New Guinea. We are already witnessing a transformation

of the type of ownership, from the old system of land stewardship to a more money-based concept of resource use and eventually (or possibly) land alienation. In the rush to make quick money (which is not much compared to the money that multinational companies make) customary ownership has become vulnerable and exposed to the seeds of conflict.

In considering people's (or land-owners') participation, an understanding of the historical background and current ownership concepts in Papua New Guinea is crucial. Under traditional systems of land tenure in Melanesia, the concept of 'ownership' often does not exist. Instead, the traditional inhabitants exercise 'custodianship' over the land. People belong as much to the land as the land does to them (Faracklas n.d.). This relationship is not normally expressed in terms of an alienable (commodity) possession, but rather in terms of familial or even corporal association (Faracklas n.d.). In fact, the words Melanesians traditionally use are the equivalent of 'children', 'siblings' or 'parents' of grounds rather than landowners. In this system, buying and selling land is not envisioned.

Two factors have encouraged a shift from traditional concepts to more commodity-based ideas. The most immediate factor is yielding to outside economic pressure. The other is the trend towards urban drift which will gradually (and some believe, inevitably) lead to land alienation because the bond with the land will no longer be an essential element to those living and working in towns. Because they are not using their land, they may be prepared to sell it, testing clan solidarity.

Faracklas (n.d.) argues that the transformation of traditional land values is mainly the result of the 'active encouragement' of the World Bank. Examining the main aims of the World Bank Land Mobilisation Program for Papua New Guinea, Faracklas (n.d.) critically

questions the foundation and credibility of the land registration program.

In contrast to traditional land boundaries which are 'fluid', under the program boundaries are delineated. The intended land registration process means that a few individuals will act on behalf of their extended families, and those whose names are not listed will not necessarily be consulted in any land sale (or what the program refers to as lease and lease-back) matters. Registration also means that the land will be taxed, and hence could be confiscated by the government in case of non-payment. Faracklas (n.d.) pointed out that the East Sepik Land Act requires a considerable majority of people's approval. However, in most cases it is certain that such approval has not been sought, and the land registrations are therefore illegal.

It is more than coincidence that the fate of the Landowner Awareness Project of the World Bank-initiated Tropical Forest Action Plan (adopted by the Papua New Guinean government as its National Forestry and Conservation Action Plan) has suffered from numerous implementation delays during the past three years.

Landowner awareness

If we accept the previous discussion of the historical relationship of Papua New Guineans to their land, the term landowner should not be used. There is a need to examine what the term implies, and what it means for the awareness programs. It is also appropriate to ask, awareness of what? Foreign developers? The use of non-wood forest products? The conservation of the forest resource and its sustainability? Ideally, awareness programs should include all of these aspects.

The Tropical Forest Action Plan focuses only on a perceived need to educate the landowners in resource use. In fact, the government feels that landowners need to be protected from themselves. Rapidly

formed organisations such as the Resource Owners' Association may have 100 landowner companies represented, however, the landowner companies have yet to demonstrate credible representation of the landowners (AIDAB 1991). According to the Department of Forests, individual landowners are confused about which landowner company to join. This in itself is a basis for conflict because in most areas the clan is the traditional owner. Furthermore, internal accounting capacity of most landowner companies is limited or non-existent, most have not made profits, and those making profits have to pay tax. It seems unproductive for the government to tax a resource owner's organisation and then distribute money back to the area from which it was derived (AIDAB 1991). The AIDAB study concludes that '[landowner companies] may not necessarily be the most effective way to secure meaningful resource owner participation in the project' (AIDAB 1991:180-4).

Landowners currently knock at the forestry officer's door asking for 'development of their forest', and urging the government to invite logging companies to log their resource. Until resource owners are equipped with more knowledge and information about their options the conservation of Papua New Guinea's forests and the integrity of customary landownership is in peril.

The role of education-knowledge in participation

One of the indispensable elements of meaningful participation is learning (Arbab, cited by Momen n.d.). Arbab argues that this is the same as saying that training is a necessary component of every development project. Too many global programs have decided that poor people only need to be trained to carry out specific

production tasks or simple services. However, a little reflection shows that for the vast majority of human beings, training to carry out orders without the accompanying spiritual and intellectual development only consolidates the present division between the modern and traditional sectors.

The analysis of knowledge and development of Toffler (1990) is relevant to consideration of the role of landowner awareness programs and sustainable forestry in Papua New Guinea. Toffler points out that 'the way we organise knowledge often determines the way we organise people and vice versa' (1990:400–10). Toffler defines knowledge as the most important form of intangible property because 'the same knowledge can be used by many people simultaneously to create wealth and to produce still more knowledge' (1990:400–10). He argues that globally we are on the edge of a significant shift in the organisation of business, with the new system of wealth creation increasingly dependent on the exchange of data, information and knowledge. Knowledge Toffler argues, is the most important resource, and will become a replacement for conventional factors of production—land, labour, raw materials and capital (Toffler 1990). The potential for dramatic advances in recycling technologies holds out the hope of what Toffler calls the 'combining of ecological sanity with economic advance' (1990:400–10). Achieving economic development in the twenty-first century will increasingly occur through application of the human mind (Toffler 1990). Therefore, development strategies must take account of the new role of knowledge in wealth creation.

Of critical importance in people's participation in Papua New Guinea's Development Plans is the 'doctrine of participation'. This implies that the people to be affected by development interventions must be the subjects, and not

the objects of the process, because fundamentally development is something that comes from within people (Bopp 1993). Bopp argues that the essence of development is the promotion of the learning capacity of all parties involved. Without participation there is no learning and therefore no development. The UNDP Human Development Report (1993) states that participation is 'a process, not an event'. The report indicates that any proposal to increase participation must pass the empowerment test—does it increase or decrease people's power to control their lives?

Bopp (1993:6–12) foresees two options for Papua New Guinea: either to 'create the mechanism and climate for meaningful and effective people's participation in the nation's development process, or alternatively, face the prospect of escalating communal violence, and environmental degradation'. People's participation has become a survival imperative for Papua New Guinea. Bopp warns that any counterfeit version merely pretending involvement of the people, with no real structural changes, is bound to fail: it is a process that cannot be faked.

Change is urgent

Some of the uncertainties in Papua New Guinea's forestry industry identified by a World Bank review in 1989 (such as the need for a resource inventory) have been addressed during the past three years.

The neglect of people's participation and environmental degradation was highlighted by the Barnett Inquiry (1989). The shift to Forest Management Agreements in the 1991 Forestry Act and the improvements in resource owners' revenues in the proposed Forestry Guidelines respond in part to this neglect. However, the concept of meaningful participation has not been understood by either the forest industry or the guidelines.

There is an urgent need for industry interest groups and government agencies to commence a dialogue about forestry development with the people whose resource is affected.

In a parallel and destructive process, Papua New Guinea's forest has been exploited at an alarmingly unprecedented rate during the past three years. The economic drive as a result of high world timber prices has been part of the reason. However, because the new Forestry Guidelines could not be implemented, the resource owners have virtually lost millions of kina in potential revenue. The permitted timber concessions for 1993 and beyond are simply not sustainable. The current political will to reverse the situation is very encouraging. However, nothing will work if the relationship of people to their land is undermined.

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